DMG

DELTA MAGNETS GROUP

# DELTA MAGNETS LIMITED

36th Annual Report 2017-18

## 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. Snehal Oak

## REGISTERED OFFICE
B-87, MIDC, Ambad,
Nasik - 422 010, Maharashtra.

## PLANT LOCATION
B-87, MIDC, Ambad,
Nasik - 422 010, Maharashtra.

## STATUTORY AUDITORS
M/s. Amit Desai & Co
Chartered Accountants

## BANKERS
RBL Bank Limited

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

## SHARES LISTED ON
BSE Limited
National Stock Exchange of India Limited

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# NOTICE

Notice is hereby given that the 36th Annual General Meeting (AGM) of Members of Delta Magnets Limited (the 'Company') will be held on Thursday, 27th September, 2018 at 01.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra to transact the following ordinary business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) for the Financial Year ended 31st March, 2018 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Ms. Ambika Kothari (DIN: 01162900), who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Statutory Auditor and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s) thereof for the time being in force), pursuant to recommendations of the Audit Committee and Board of Directors of the Company, M/s. M. H. S. & Associates, Chartered Accountants (Firm Reg.: No.141079W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Amit Desai & Co., Chartered Accountants (Firms Registration No.: 130710W) whose term expires at this Annual General Meeting, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 41st Annual General Meeting of the Company at such remuneration including applicable taxes and out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company (including any committee thereof), be and are hereby authorized to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors."

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE AGM.
2. A person shall not act as a Proxy for more than 50 Members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the AGM.
4. In terms of Section 152 of the Companies Act, 2013 ("the Act"), Ms. Ambika Kothari (DIN: 01162900), Director, shall retire by rotation at the ensuing AGM. Ms. Ambika Kothari, being eligible, offers herself for re-appointment.

   The Board of Directors of the Company recommends re-appointment of Ms. Ambika Kothari.

5. Details of Ms. Ambika Kothari (DIN: 01162900), Director, proposed to be re-appointed at the forthcoming AGM, as required by Regulation 26 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") and Secretarial Standards on General Meetings ("SS – 2") are forming part of this Notice. Requisite declarations have been received from the Director for her re-appointment.

6. Members are requested to bring their attendance slip duly completed and signed along with their copy of Annual Report to the AGM.

7. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 20th September, 2018 to Thursday, 27th September, 2018 (both days inclusive), for the purpose of the AGM of the Company.

9. Members are requested to:

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

   (b) intimate to the respective Depository Participant (DP), changes, if any, in their registered 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.

10. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market / private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company / STA for registration of such transfer of shares.

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

    In accordance with the instructions prescribed under the SEBI circular No. SEBI /HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, the Company has sent letters / intimations through registered / speed post seeking KYC documents from all those Members of the Company who hold shares in physical form and whose folios do not have / have incomplete details with regard to PAN and Bank Account details.

11. 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 2017-18 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company's STA, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail 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 and/or 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 dematerialised form) or with STA (in case of shares held in physical form) which will help us in prompt sending of notices, Annual Reports and other shareholder communications in electronic form.

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

**13. Voting through electronic means:**

In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s) thereof for the time being in force), Regulation 44 of the Listing Regulations and SS – 2, the Company is providing to its Members with the facility to cast their vote electronically 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 to e-voting explain the process and manner for generating/receiving the password, and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

a. The remote e-voting period will commence on Monday, 24th September, 2018 (9.00 am IST) and will end on Wednesday, 26th September, 2018 (5.00 pm IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 19th September, 2018, 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 Wednesday, 26th September, 2018 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 Wednesday, 19th September, 2018.

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. Wednesday, 19th September 2018, may refer to this Notice of the AGM of the Company, posted on Company's website www.deltamagnets.com for detailed procedure with regard to remote e-voting. The Notice shall also be available at 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 the Members, there shall be no voting by show of hands at the AGM. The Company is also offering facility for voting by way of polling papers at the AGM for the Members attending the meeting who has not cast their vote by remote e-Voting.

f. A Member may participate in the AGM even after exercising his right to vote through remote e-voting, but cannot vote again at the AGM.

g. If a Member casts votes by both modes i.e. remote e-voting and polling papers at the AGM, then voting done through remote e-voting shall prevail and polling paper shall be treated as invalid.

h. The Company has appointed Mr. Ashish Kumar Jain, Practicing Company Secretary (Membership no. 6058) from M/s A. K. Jain and Co., Company Secretaries in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

i. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman, or any other person authorised by 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 and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared by the Chairman or person authorised by him.

The instructions for shareholders voting electronically are as under:

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

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

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

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | **Your User ID is:** |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<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

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

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.

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

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

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

**General Guidelines for shareholders**

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

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

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

B. **Ms. Snehal Oak, Company Secretary**
   Delta Magnets Limited
   Corporate Office : Bayside Mall, 2nd Floor, Tardeo Road, Haji Ali, Mumbai – 400 034
   Email : secretarial@deltamagnets.com
   Phone : 022-40794700

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

14. Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.

15. The Landmark and route map to the venue of the AGM is attached and forms a part of this notice.

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

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

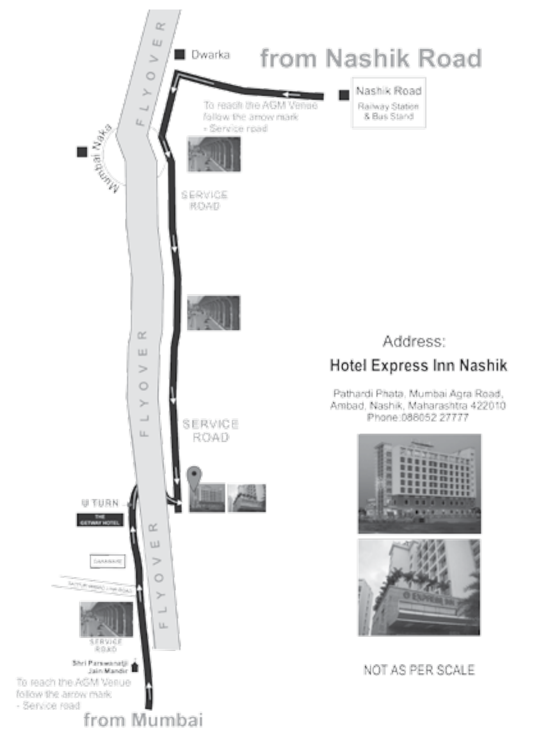
Mumbai, 10th August, 2018

**Registered Office:**

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

Tel No : 91-253-2382238
Fax No : 91-253-2382926

ROUTE MAP



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

**Name of Director:**

Ms. Ambika Kothari

**Date of 1st Appointment:**

30th July, 2010

**Age:**

41 years

**Qualification:**

B.A. Economics with Honors, Wellesley College

**Experience:**

Ms. Ambika 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.

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

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

**Last Drawn Remuneration:**

Nil

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

None

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

Ms. Ambika Kothari holds 1950 Equity Shares of the Company.

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

04

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

i) **Directorships held in other Companies**

Aarti Management Consultancy Private Limited

ACT Fininvest Limited

Aditi Management Consultancy Private Limited

Anjoss Trading Private Limited

Anjyko Investments Private Limited

Aryanish Finance and Investment Private Limited

Bayside Property Developers Private Limited

Conall Mercantile Private Limited

Corigins Trading Private Limited

Delta Real Estate Consultancy Private Limited

Fortress Business Private Limited

G.K. International Private Limited

Lakeview Mercantile Company Private Limited

Newdeal Multitrade Private Limited

Norfolk Management Consultancy and Developers Private Limited

Providence Educational Academy Private Limited

Renato Finance and Investments Private Limited

Welphine Trading and Mercantile Private Limited

**ii) Chairman of Board Committees**

None

**iii) Member of Board Committees**

None

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Sixth (36th) Directors' Report of your Company along with the Financial Statements for the Financial Year ended 31st March, 2018.

## 1. OPERATING RESULTS

Certain key aspects of your Company's performance during the Financial Year ended 31st March, 2018 as compared to the previous Financial Year are summarised below:

(₹ in '000)

| Particulars | Standalone Year Ended | | Consolidated Year Ended | |
|---|---|---|---|---|
| | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| Income for the year | 2,49,185.42 | 2,10,348.87 | 7,34,694.11 | 6,43,086.42 |
| Profit before Interest, Depreciation and Tax | 21,077.82 | 9,349.91 | 42,886.47 | 23,142.51 |
| Finance Charges | 14,847.12 | 13,761.74 | 48,346.79 | 39,457.05 |
| Profit / (Loss) before Depreciation and Taxes | 6,230.70 | (4,411.83) | (5,460.32) | (16,314.54) |
| Depreciation & Amortization | 8,082.20 | 7,860.09 | 22,173.52 | 21,548.47 |
| Provisions for Taxation/ Deferred Tax | (2,436.36) | 315.41 | 4,946.22 | 5,742.18 |
| Exceptional Items | - | - | - | - |
| Minority Interest & Profit from Associate Company | - | - | - | - |
| Net Profit / (Loss) for the Current Year | 584.86 | (12,587.33) | (32,580.05) | (43,554.84) |
| Add: Other Comprehensive Income (OCI) | 1,201.75 | (1,344.74) | 252.91 | (3,133.91) |
| Total Comprehensive Income / (Loss) for the Year | 1,786.61 | (13,932.06) | (32,327.14) | (46,688.75) |
| Earlier Years Balance Brought Forward | 46,938.53 | 60,870.59 | 34,267.97 | 80,599.18 |
| Net Profit available for Appropriation | 48,725.14 | 46,938.53 | 1,940.84 | 33,910.43 |
| Appropriation / Adjustments: | | | | |
| Transfer to / from Reserves | - | - | - | - |
| Others | - | - | - | 357.54 |
| Balance carried to Balance Sheet (including OCI) | 48,725.14 | 46,938.53 | 1,940.84 | 34,267.97 |

## 2. DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31st March, 2018.

## 3. SHARE CAPITAL

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

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

## 4. OVERVIEW OF OPERATIONS

During the year under review, on a consolidated basis, your Company recorded a total income of ₹ 7,34,694.11 ('000) as compared to last year's income of ₹ 6,43,086.42 ('000) and net loss of ₹ 32,580.05 ('000) as compared to last year's Net loss of ₹ 43,554.84 ('000). For further information, kindly refer to Management Discussion and Analysis Report, forming a part of this Annual Report.

## 5. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 ("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.

## 6. NUMBER OF MEETINGS OF THE BOARD

The Board met Five (5) times in Financial Year 2017-18 viz., on 17th May, 2017, 11th August, 2017, 12th September, 2017, 11th December, 2017 and 12th February, 2018. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Annual Report.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

i. In the preparation of the annual accounts for Financial Year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2018 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 31st March, 2018 on a 'going concern' basis.

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

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

## 8. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Act, confirming that they meet the criteria of independence under Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

## 9. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

## 10. 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.

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

During the Financial Year 2017-18, 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 2017-18, 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

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

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

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

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

## 14. 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.

## 15. 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

## 16. 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 its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

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

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

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

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

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

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

**17. SUBSIDIARY, 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. These documents will also be available for inspection during working hours at our Registered Office of the Company.

Further, the Company has one 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.

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

The Company has neither accepted nor renewed any deposits during the Financial Year 2017-18 in terms of Chapter V of the Act.

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

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

**20. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

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

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

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

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

## 21. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

## 22. AUDITORS

### 1. Statutory Auditor

The Board of Directors recommends appointment of M/s. M.H.S & Associates, Chartered Accountants (Firm Registration No: 141079W) as Statutory Auditors of the Company in place of M/s. Amit Desai & Co, Chartered Accountants, whose term expires at the ensuing AGM as Statutory Auditors of the Company.

The Board of Directors of the Company at its meeting held on 10th August, 2018 have appointed M/s. M.H.S & Associates, Chartered Accountants, subject to approval of shareholders at ensuing AGM, to hold office from the conclusion of 36th AGM till the conclusion of 41st AGM.

The Board recommends to the members of the Company approval of appointment of M/s. M.H.S & Associates, Chartered Accountants as the Statutory Auditors of the Company.

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

**Statutory Auditor's Emphasis on Matter and Management's Reply**

As regard Auditors observation with respect to utilization of MAT credit entitlement of ₹ 1,839.31 ('000) [on Standalone basis] and ₹ 4,707.31 ('000) [on Consolidated basis], as per management's 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 31st March, 2018. 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.

No fraud has been reported by the Statutory Auditors and Secretarial Auditors to the Audit Committee or the Board.

**23. CORPORATE GOVERNANCE**

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

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

The Company's Audit Committee comprises the following Directors:

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

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

**25. PARTICULARS OF EMPLOYEES**

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

**26. 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.

**27. ACKNOWLEDGMENTS**

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**

Mumbai, 10th August, 2018

**Registered Office:**

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

CIN : L32109MH1982PLC028280
Email ID : secretarial@deltamagnets.com
Website : 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 on 31st March, 2018**
[Pursuant to Section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i. | CIN | L32109MH1982PLC028280 |
| ii. | Registration Date | 23rd 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 : secretarial@deltamagnets.com |
| vi. | Whether listed company (Yes / No) | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Freedom Registry Limited<br>Plot No. 101/102, 19th Street, MIDC, Satpur, Nashik-422 007, Maharashtra.<br>Tel No : 91-253-2354032<br>Fax No: 91-253-2351126<br>Email ID: support@freedomregistry.in |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Manufacturing of Other Articles (Hard Ferrites) | 32909 | 97.04% |

### 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. | **MMG India Private Limited**<br>B-87, MIDC, Ambad, Nashik-422 010, Maharashtra | U27209MH1996PTC222840 | Subsidiary | 100% | 2(87) |
| 2. | **MagDev Limited**<br>Unit 23 Ash Industrial Estate<br>Kembrey Park, Swindon, SN2 8UN | NA | Subsidiary | 100% | 2(87) |
| 3. | **Pilamec Ltd., UK**<br>Woodward Hale, 38 Dollar Street,<br>Cirencester, Gloucestershire GL7 2AN | NA | Subsidiary | 100% | 2(87) |

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

### i) Category-wise Share Holding

| Sr. No. | Category of Shareholders | No. of shares held at the beginning of the year | | | | 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 | |
| **A.** | **Promoters** | | | | | | | | | |
| **1)** | **Indian** | | | | | | | | | |
| a) | Individual/HUF | 33,240 | 0 | 33,240 | 0.51 | 43,240 | 0 | 43,240 | 0.67 | 0.16 |
| b) | Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | State Govt (s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Bodies Corp. | 16,15,153 | 0 | 16,15,153 | 24.96 | 16,15,153 | 0 | 16,15,153 | 24.96 | 0.00 |
| e) | Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Any Other | | | | | | | | | |
| (f1) | Trusts | 30,20,298 | 0 | 30,20,298 | 46.68 | 30,10,298 | 0 | 30,10,298 | 46.52 | (0.16) |
| | **Sub-total (A) (1):-** | **46,68,691** | **0** | **46,68,691** | **72.15** | **46,68,691** | **0** | **46,68,691** | **72.15** | **0.00** |
| **2)** | **Foreign** | | | | | | | | | |
| 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 |
| | **Sub-total (A) (2):-** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.00** | **0.00** |
| | **Total Shareholding of Promoters (A) = (A)(1)+(A)(2)** | **46,68,691** | **0** | **46,68,691** | **72.15** | **46,68,691** | **0** | **46,68,691** | **72.15** | **0.00** |
| **B.** | **Public Shareholding** | | | | | | | | | |
| **1)** | **Institutions** | | | | | | | | | |
| a) | Mutual Funds / UTI | 225 | 1,200 | 1,425 | 0.02 | 225 | 1,200 | 1,425 | 0.02 | 0.00 |
| b) | Banks / FI | 0 | 7,700 | 7,700 | 0.12 | 0 | 7,700 | 7,700 | 0.12 | 0.00 |
| 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) | FIIs | 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 |
| | **Sub-Total (B)(1):** | **225** | **8,900** | **9,125** | **0.14** | **225** | **8,900** | **9,125** | **0.14** | **0.00** |
| **2)** | **Non-Institutions** | | | | | | | | | |
| **a)** | **Bodies Corporate** | | | | | | | | | |
| i) | Indian | 2,47,722 | 676 | 2,48,398 | 3.84 | 2,26,012 | 676 | 2,26,688 | 3.50 | (0.34) |
| 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)** | **Individuals** | | | | | | | | | |
| i) | Individual Shareholders holding nominal share capital upto share capital upto ₹ 1 lakh | 7,33,289 | 2,88,560 | 10,21,849 | 15.79 | 7,26,039 | 2,83,995 | 10,10,034 | 15.61 | (0.18) |
| ii) | Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh | 4,79,390 | 26,000 | 5,05,390 | 7.81 | 5,21,752 | 26,000 | 5,47,752 | 8.47 | 0.66 |
| **c)** | **Others (specify)** | | | | | | | | | |
| (c1) | Clearing Member | 342 | 0 | 342 | 0.01 | 200 | 0 | 200 | 0.00 | (0.01) |
| (c2) | NRIs | 16,994 | 225 | 17,219 | 0.26 | 8,299 | 225 | 8,524 | 0.13 | (0.13) |
| (c3) | IEPF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Sub-Total (B)(2):** | **14,77,737** | **3,15,461** | **17,93,198** | **27.71** | **14,82,302** | **3,10,896** | **17,93,198** | **27.71** | **0.00** |
| | **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **14,77,962** | **3,24,361** | **18,02,323** | **27.85** | **14,82,527** | **3,19,796** | **18,02,323** | **27.85** | **0.00** |
| C. | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Grand Total (A+B+C)** | **61,46,653** | **3,24,361** | **64,71,014** | **100** | **61,51,218** | **3,19,796** | **64,71,014** | **100** | **0.00** |

**(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 | 1,125 | 0.02 | - | 1,125 | 0.02 | - | 0.00 |
| 2. | *Aryanish Finance and Investments Private Limited | 10,06,570 | 15.56 | - | 10,01,570 | 15.48 | - | (0.08) |
| 3. | *Bayside Property Developers Private Limited | 9,97,751 | 15.42 | - | 9,97,751 | 15.42 | - | (0.00) |
| 4. | *Delta Real Estate Consultancy Private Limited | 10,15,977 | 15.70 | - | 10,10,977 | 15.62 | - | (0.08) |
| 5. | Dr. Ram H. Shroff | 2,115 | 0.03 | - | 2,115 | 0.03 | - | 0.00 |
| 6. | SSI Trading Private Limited | 16,15,153 | 24.96 | - | 16,15,153 | 24.96 | - | 0.00 |
| 7. | Urvi Piramal A | 15,000 | 0.23 | - | 20,000 | 0.31 | - | 0.08 |
| 8. | Kalpana Singhania | 15,000 | 0.23 | - | 20,000 | 0.31 | - | 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 (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2017)/ end of the year (31.03.2018) | % of total shares of the Company | | | | No. of shares | % of total share of the Company |
| 1. | Ziabai Jaydev Mody jointly with Jaydev Mody | 1,125 | 0.02 | 01.04.2017 | 0 | Nil movement during the year | 1,125 | 0.02 |
| | | 1,125 | 0.02 | 31.03.2018 | | | | |
| 2. | *Aryanish Finance and Investments Private Limited | 10,06,570 | 15.56 | 01.04.2017 | | | | |
| | | | | 11.09.2017 | (5,000) | Transfer | 10,01,570 | 15.48 |
| | | 10,01,570 | 15.48 | 31.03.2018 | | | | |
| 3. | *Bayside Property Developers Private Limited | 9,97,751 | 15.42 | 01.04.2017 | 0 | Nil movement during the year | 9,97,751 | 15.42 |
| | | 9,97,751 | 15.42 | 31.03.2018 | | | | |
| 4. | *Delta Real Estate Consultancy Private Limited | 10,15,977 | 15.70 | 01.04.2017 | | | | |
| | | | | 11.09.2017 | (5,000) | Transfer | 10,10,977 | 15.62 |
| | | 10,10,977 | 15.62 | 31.03.2018 | | | | |
| 5. | Dr. Ram H. Shroff | 2,115 | 0.03 | 01.04.2017 | 0 | Nil movement during the year | 2,115 | 0.03 |
| | | 2,115 | 0.03 | 31.03.2018 | | | | |
| 6. | SSI Trading Private Limited | 16,15,153 | 24.96 | 01.04.2017 | 0 | Nil movement during the year | 16,15,153 | 24.96 |
| | | 16,15,153 | 24.96 | 31.03.2018 | | | | |
| 7. | Urvi Piramal A | 15,000 | 0.23 | 01.04.2017 | | | | |
| | | | | 11.09.2017 | 5,000 | Transfer | 20,000 | 0.31 |
| | | 20,000 | 0.31 | 31.03.2018 | | | | |
| 8. | Kalpana Singhania | 15,000 | 0.23 | 01.04.2017 | | | | |
| | | | | 11.09.2017 | 5,000 | Transfer | 20,000 | 0.31 |
| | | 20,000 | 0.31 | 31.03.2018 | | | | |

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

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

| Sr. No. | Name | Shareholding | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2017)/end of the year (31.03.2018) | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 1 | T And D Trading Private Limited | 1,06,117 | 1.64 | 01.04.2017 | 0 | Nil movement during the year | 1,06,117 | 1.64 |
| | | 1,06,117 | 1.64 | 31.03.2018 | | | | |
| 2 | New Deal Multitrade Private Limited | 95,500 | 1.48 | 01.04.2017 | 0 | Nil movement during the year | 95,500 | 1.48 |
| | | 95,500 | 1.48 | 31.03.2018 | | | | |
| 3 | Chirag Mehta | 64,478 | 1.00 | 01.04.2017 | | | | |
| | | | | 19.01.2018 | (478) | Sell | 64,000 | 0.99 |
| | | 64,000 | 0.99 | 31.03.2018 | | | | |
| 4 | Hitesh Ramji Javeri | 60,000 | 0.93 | 01.04.2017 | 0 | Nil movement during the year | 60,000 | 0.93 |
| | | 60,000 | 0.93 | 31.03.2018 | | | | |
| 5 | Sanjaykumar Sarawagi | 40,828 | 0.63 | 01.04.2017 | | | | |
| | | | | 28.04.2017 | 3,295 | Buy | 44,123 | 0.68 |
| | | | | 05.05.2017 | 3,150 | Buy | 47,273 | 0.73 |
| | | 47,273 | 0.73 | 31.03.2018 | | | | |
| 6 | Harsha Hitesh Javeri | 30,000 | 0.46 | 01.04.2017 | | | | |
| | | | | 19.09.2017 | 7,027 | Buy | 37,027 | 0.57 |
| | | 37,027 | 0.57 | 31.03.2018 | | | | |
| 7 | Kalpana Prakash Pandey | 13,877 | 0.21 | 01.04.2017 | | | | |
| | | | | 14.04.2017 | 4,640 | Buy | 18,517 | 0.29 |
| | | | | 28.04.2017 | 5,449 | Buy | 23,966 | 0.37 |
| | | | | 05.05.2017 | 6,050 | Buy | 30,016 | 0.46 |
| | | | | 12.05.2017 | 2,967 | Buy | 32,983 | 0.51 |
| | | | | 19.05.2017 | 9,361 | Buy | 42,344 | 0.65 |
| | | | | 26.05.2017 | 179 | Buy | 42,523 | 0.66 |
| | | | | 18.08.2017 | 539 | Buy | 43,062 | 0.67 |
| | | 43,062 | 0.67 | 31.03.2018 | | | | |

| Sr. No. | Name | Shareholding | | Date | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2017)/end of the year (31.03.2018) | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 8 | Mona Ketan Shah | 19,761 | 0.31 | 01.04.2017 | | | | |
| | | | | 19.05.2017 | 7,301 | Buy | 27,062 | 0.42 |
| | | 27,062 | 0.42 | 31.03.2018 | | | | |
| 9 | Madhukant Sunderlal Patel | 26,000 | 0.40 | 01.04.2017 | 0 | Nil movement during the year | 26,000 | 0.40 |
| | | 26,000 | 0.40 | 31.03.2018 | | | | |
| 10 | Mehraboon Jamshed Irani | 22,033 | 0.34 | 01.04.2017 | | | | |
| | | | | 05.01.2018 | 967 | Buy | 23,000 | 0.36 |
| | | | | 12.01.2018 | 478 | Buy | 23,478 | 0.36 |
| | | 23,478 | 0.36 | 31.03.2018 | | | | |

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

| Sr. No. | Name | Shareholding | | Date | Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2017)/ end of the year (31.03.2018) | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 1 | *Jaydev Mody | 1,125 | 0.02 | 01.04.2017 | 0 | Nil movement during the year | 1,125 | 0.02 |
| | | 1,125 | 0.02 | 31.03.2018 | | | | |
| 2 | Dr. Ram H. Shroff | 2,115 | 0.03 | 01.04.2017 | 0 | Nil movement during the year | 2,115 | 0.03 |
| | | 2,115 | 0.03 | 31.03.2018 | | | | |
| 3 | Ms. Ambika Kothari | 1,950 | 0.03 | 01.04.2017 | 0 | Nil movement during the year | 1,950 | 0.03 |
| | | 1,950 | 0.03 | 31.03.2018 | | | | |
| 4 | Mr. Darius Khambatta | 0 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2018 | | | | |
| 5 | Mr. Javed Tapia | 0 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2018 | | | | |
| 6 | Mr. Rajesh Jaggi | 0 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2018 | | | | |

| Sr. No. | Name | Shareholding | | Date | Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning (01.04.2017)/ end of the year (31.03.2018) | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 7 | Mr. Samir Chinai | 450 | 0.01 | 01.04.2017 | 0 | Nil movement during the year | 450 | 0.01 |
| | | 450 | 0.01 | 31.03.2018 | | | | |
| 8 | Dr. Vrajesh Udani | 0 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2018 | | | | |
| 9 | Mr. Abhilash Sunny | 0 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2018 | | | | |
| 10 | Ms. Snehal Oak | 1 | 0.00 | 01.04.2017 | 0 | Nil movement during the year | 1 | 0.00 |
| | | 1 | 0.00 | 31.03.2018 | | | | |

*Holding jointly with Ziabai Jaydev Mody.

## V. INDEBTEDNESS

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

(₹ in‘000)

| Sr. no. | Particulars | Secured Loans excluding Deposits (₹) | Unsecured Loans (₹) | Deposits (₹) | Total Indebtedness (₹) |
|---|---|---|---|---|---|
| | **Indebtedness at the beginning of the Financial Year** | | | | |
| i) | Principal Amount | 40,512.13 | 93,600.00 | - | 1,34,112.13 |
| ii) | Interest due but not paid | - | 83.48 | - | 83.48 |
| iii) | Interest accrued but not due | - | - | - | - |
| | **TOTAL (i+ii+iii)** | **40,512.13** | **93,683.48** | **-** | **1,34,195.61** |
| | **Change in Indebtedness during the Financial Year** | | | | |
| | Addition | 10,970.80 | 3,500.00 | - | 14,470.80 |
| | Reduction | - | - | - | - |
| | Net Change | **10,970.80** | **3,500.00** | **-** | **14,470.80** |
| | **Indebtedness at the end of the Financial Year** | | | | |
| i) | Principal Amount | 51,482.93 | 97,100.00 | - | 1,48,582.93 |
| ii) | Interest due but not paid | - | 89.77 | - | 89.77 |
| iii) | Interest accrued but not due | - | - | - | - |
| | **TOTAL (i+ii+iii)** | **51,482.93** | **97,189.77** | **-** | **1,48,672.70** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in‘000)

| Sr. No. | Particulars of Remuneration | Name of Managing Director Dr. Ram H. Shroff | |
|---|---|---|---|
| 1. | **Gross salary** | Not Applicable | |
| | a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | | |
| | b. Value of perquisites u/s 17(2) Income-tax Act, 1961 | | |
| | c. Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | | |
| 2. | **Stock Option** | | |
| 3. | **Sweat Equity** | | |
| 4. | **Commission**<br>- as % of profit<br>- others, specify… | | |
| 5. | **Others, please specify** | | |
| | **TOTAL (A)** | | |
| | **Ceiling as per the Act** | 5% of Net Profit as per Section 198 of the Companies Act, 2013 | - |

### B. Remuneration to Other Directors

(₹ in‘000)

| Sr. No. | Particulars of Remuneration | Name of Director | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1. | **Independent Directors** | **Mr. Rajesh Jaggi** | **Mr. Javed Tapia** | **Dr. Vrajesh Udani** | **Mr. Samir Chinai** | |
| | Fee for attending board/committee meetings (₹) | 14.00 | 18.00 | 14.00 | 6.00 | 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 |
| | **TOTAL (1) (₹)** | | | | | **52.00** |
| 2. | **Other Non-Executive Directors** | **Mr. Jaydev Mody** | **Ms. Ambika Kothari** | **Mr. Darius Khambatta** | | |
| | Fee for attending board / committee meetings (₹) | 8.00 | 8.00 | 10.00 | | 26.00 |
| | Commission (₹) | 0.00 | 0.00 | 0.00 | | 0.00 |
| | Others, please specify (₹) | 0.00 | 0.00 | 0.00 | | 0.00 |
| | **TOTAL (2) (₹)** | | | | | **26.00** |
| | **TOTAL (B)=(1+2) (₹)** | | | | | **78.00** |
| | **Total Managerial Remuneration (A+B) (₹)** | | | | | 78.00 |
| | Overall Ceiling as per the Act (%) | 1% of the Net Profits equivalent to Nil with respect to the ceiling for the Company applicable for the Financial Year covered by this Report. | | | | |

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

(₹ in'000)

| Sr. no. | Particulars of Remuneration | Key Managerial Personnel (₹) | | Total Amount (₹) |
|---|---|---|---|---|
| | | Chief Financial Officer (Mr. Abhilash Sunny) | Company Secretary (Ms. Snehal Oak) | |
| 1. | **Gross salary** | | | |
| (a) | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 1,500.00 | 270.00 | **1,770.00** |
| (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 | 2,115.34 | 142.96 | **2,258.30** |
| 2. | **Stock Option** | - | - | **-** |
| 3. | **Sweat Equity** | - | - | **-** |
| 4 | **Commission**<br>- as % of profit<br>- others, specify… | 600.00 | - | **600.00** |
| 5. | **Others, please specify** | 837.12 | 13.27 | **850.39** |
| | **TOTAL** | **5,052.46** | **426.23** | **5,478.69** |

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

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

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

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

Mumbai, 10th August, 2018

# ANNEXURE II

**NOMINATION AND REMUNERATION POLICY**

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

**1. OBJECTIVE**

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

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

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

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

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

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

1.6. To devise a policy on Board diversity

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

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

**2. DEFINITIONS**

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

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel means

2.4.1. Managing Director;

2.4.2. Whole-time director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. Such other officer as may be prescribed.

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

**3. ROLE OF COMMITTEE**

3.1 The Committee shall:

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

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

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

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

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

3.2.1. Appointment criteria and qualifications

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

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

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

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

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

3.2.3. Evaluation

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

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

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

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

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

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

a) Fixed pay:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) Sitting Fees:

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

c) Commission:

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

d) Stock Options:

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

## 4. MEMBERSHIP

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

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

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

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

**5. CHAIRPERSON**

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

**6. FREQUENCY OF MEETINGS**

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

**7. COMMITTEE MEMBERS' INTERESTS**

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

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

**8. SECRETARY**

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

**9. VOTING**

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

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

**10. NOMINATION DUTIES**

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

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

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

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

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

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

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

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

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

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

10.9 Recommend any necessary changes to the Board; and 10.10Considering any other matters, as may be requested by the Board.

**11. REMUNERATION DUTIES**

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

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

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

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

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

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

**12. MINUTES OF COMMITTEE MEETING**

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

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

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

Mumbai, 10th August, 2018

# 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 | |
| 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. | NA |
| date(s) of approval by the Board. | |
| Amount paid as advances, if any. | |

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

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

Mumbai, 10th August, 2018

# 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 : ₹ 3,567.51 ('000)

**Foreign Exchange Earnings and Outgo:**

During the year, the foreign exchange outgo was ₹ 12,564.47 ('000) (Last Year ₹ 12,420.46 ('000) the foreign exchange earned was Nil (Last Year Nil)

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

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

Mumbai, 10th August, 2018

# ANNEXURE V

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**For The Financial Year ended on 31st March, 2018**
[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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made 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, 2009 **(Not Applicable to the Company during the Audit Period);**

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

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

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable to the Company during the Audit Period);**

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 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, there were no specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

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

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

Place: Mumbai
Date: 10th August, 2018

**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: 10th August, 2018

# 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 2017-18 :-**

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director / KMP for Financial Year 2017-18 (₹ in ‘000) | Ratio of remuneration of each Director / KMP to median remuneration of employees |
|---|---|---|---|
| | **Non-Executive Directors** | | |
| 1 | Mr. Jaydev Mody | 8.00 | 3% |
| 2 | Ms. Ambika Kothari | 8.00 | 3% |
| 3 | Mr. Darius Khambatta | 10.00 | 4% |
| 4 | Mr. Javed Tapia | 18.00 | 7% |
| 5 | Mr. Rajesh Jaggi | 14.00 | 5% |
| 6 | Mr. Samir Chinai | 6.00 | 2% |
| 7 | Dr. Vrajesh Udani | 14.00 | 5% |
| | **Executive Directors** | | |
| 8 | Dr. Ram H. Shroff | 0 | 0% |

**(ii) The percentage increase in remuneration of each Director, CFO, Chief Executive Officer, Company Secretary or Manager, if any, for the Financial Year 2017-18 :-**

| Sr. No. | Name of Director / KMP | Remuneration of Director / KMP for Financial Year 2017-18 (₹ in ‘000) | % of increase in Remuneration in the Financial Year 2017-18 |
|---|---|---|---|
| 1 | Mr. Jaydev Mody | 8.00 | 0% |
| 2 | Ms. Ambika Kothari | 8.00 | 0% |
| 3 | Mr. Darius Khambatta | 10.00 | 0% |
| 4 | Mr. Javed Tapia | 18.00 | 0% |
| 5 | Mr. Rajesh Jaggi | 14.00 | 0% |
| 6 | Mr. Samir Chinai | 6.00 | 0% |
| 7 | Dr. Vrajesh Udani | 14.00 | 0% |
| 8 | Dr. Ram H. Shroff (Managing Director) | 0 | 0% |
| 9 | Mr. Abhilash Sunny (Chief Financial Officer) | 5,052.46 | 20% |
| 10 | Ms. Snehal Oak (Company Secretary) | 426.23 | -23% |

**(iii) The percentage increase in median remuneration of employees for the Financial Year 2017-18**

Median remuneration of each employee decreased by 12% in Financial Year 2017-18.

**(iv) The number of permanent employees on the rolls of the Company as on 31st March, 2018**

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**(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 decrease made in the salaries of total employees other than the Key Managerial Personnel for Financial Year 2017-18 is around 12%, while the average decrease in the remuneration of the Key Managerial Personnel is 5%.

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

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

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

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

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

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

Mumbai, 10th August, 2018

# MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

**Economy and Markets**

The global cyclical upswing that began midway through 2016 gathered strength during 2017. As per latest IMF estimates, World GDP grew by 3.8% in 2017 representing a marked improvement over 2016, which at 3.2% was the weakest year of growth since the global financial crisis of 2009. The pick-up in growth was supported by synchronous growth in the Advanced Economies which grew by 2.3% in 2017 against 1.7% in 2016, and Emerging Markets & Developing Economies which recorded a growth of 4.8% in 2017 against 4.4% in 2016.

Within the Advanced Economies, the US posted a strong growth of 2.3% in 2017 against 1.5% in 2016, led by robust recovery in Private Investment and expansion in consumer spending. The Euro Area also expanded by 2.3% during the year compared to 1.8% in 2016. In the Emerging Markets & Developing Economies, acceleration in growth was mainly attributable to Brazil and Russia achieving positive growth after two successive years of decline. The Chinese economy also grew faster at 6.9% in 2017 compared to 6.7% in 2016.

The synchronised growth momentum in Advanced and Emerging Economies is likely to sustain going forward resulting in a further pick-up in global economic growth to 3.9% in 2018 and 2019. The US economy is projected to grow at 2.9% in 2018 aided by an expansionary fiscal policy, positive investment and private consumption outlook and ‘full employment’ of its workforce. At 4.9% growth in 2018, the strong growth momentum in the Emerging Markets & Developing Economies is likely to sustain and improve marginally mainly due to robust performance of commodity exporting countries such as Brazil, South Africa, Saudi Arabia and an anticipated pick-up in growth in India. Growth in China, however, is projected to slow down to 6.6% in 2018, reflecting the ongoing rebalancing of the economy towards a more sustainable and broad-based consumption and services led growth.

However, the increasing trend of protectionist policies in the developed world, faster pace of increase in US interest rates and progressive tapering of quantitative easing in the EU could impact capital flows and weigh on the nascent recovery in commodity-exporting emerging economies.

The Indian economy witnessed another challenging year, with Real GDP growth slowing down sharply to 6.6% compared to 7.1% in 2016-17, reflecting the short-term disruptions caused by GST implementation, residual impact of cash crunch and deceleration in Net Exports. It is pertinent to note that Nominal GDP growth in 2017-18 stood at 9.8% - the lowest in six years. The Industry sector decelerated further during the year, recording the slowest growth in four years.

The anticipated pick-up in Consumption remained elusive with Private Final Consumption Expenditure (PFCE) growing by only 6.1% during the year against 7.3% in 2016-17. Likewise, recovery of the capex cycle did not fructify with deceleration in Fixed Capital Formation growth to 7.6%. Data on new project announcements, new capacity commissioned and stalled/abandoned projects during the year point to the subdued investment

climate in the country. The ‘twin deficits’ came under pressure as well – higher expenditure and lower net tax collections resulted in Fiscal Deficit touching 3.5% of GDP against a target of 3.2% while the Current Account Deficit expanded to about 1.9% of GDP (Vs. 0.7% in 2016-17) due to pick-up in imports even as growth in exports remained subdued.

On the positive side, India remains the fastest growing major economy in the world. Inflation remained largely within the comfort zone of the RBI during the year with the Consumer Price Index (CPI) declining to 3.6% in 2017-18 against

4.5% in 2016-17, prompting the RBI to reduce policy interest rates by 25 bps during the year. However, with rising crude oil prices, anticipation of commodity prices firming up in the ensuing year and Core CPI steadily rising for the past several months, the scope for further reduction in interest rates seems limited. Foreign capital flows into the country remained robust leading to stability in the Indian Rupee and sustained buoyancy in the capital markets with the Sensex advancing by 11% in 2017-18 after a 17% rise in 2016-17.

As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, GDP is likely to grow by 7.3% in 2018-19 on the back of improvement in the Net Exports position and normalisation of private consumption growth levels, partly aided by a favourable base effect. The green shoots of recovery in investments witnessed towards the end of the year especially in the infrastructure sector along with expectations of a normal monsoon augur well for the economy in the near term. Rising crude oil prices, revenue collections, external capital flows and rural demand recovery are the key monitorables in 2018-19. The pace of GDP growth is expected to gather momentum in the medium term on the back of favourable global economic tailwinds, pick-up in Private Investment and implementation of key policy reforms.

While India remains one of the fastest growing major economies in the world, the pace of economic growth in recent years has remained below the desired levels and the country's potential. Stagnation in the manufacturing sector needs to be reversed at the earliest towards the creation of sustainable livelihoods and absorption of millions of Indians entering the job market every year.

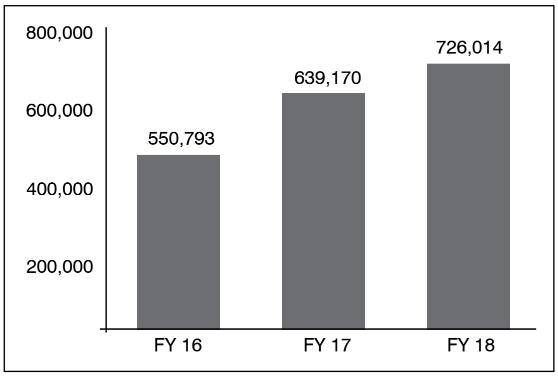
The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business in the country by enhancing transparency, speeding up the approvals process, resolving policy issues and fostering greater levels of value addition within the country would be crucial to boost the performance of the Indian economy and realise its true potential.

**Financial & Operational Performance:**

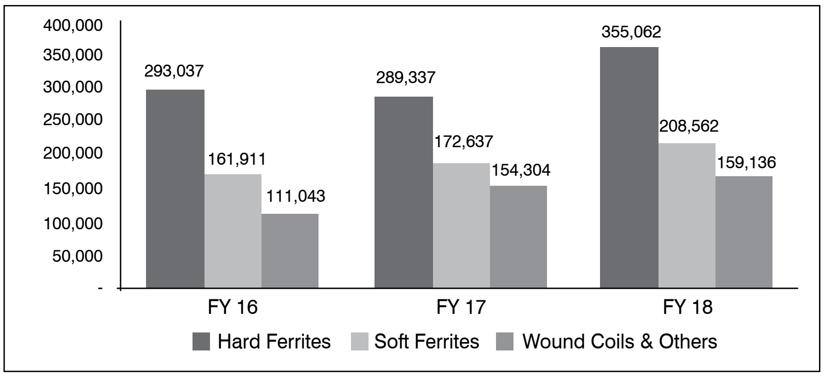
## Net Sales

For the fiscal year under review, DMG recorded consolidated net sales of ₹ 7,26,014 thousands. This was ₹ 6,39,170 thousands in the previous fiscal year and reflected such factors acquisition of new unit, the slight growth in production by automobile manufacturers, improved global economic conditions, especially in Europe and US, and improved conditions in the electronics and passive component industry.

**Net Sales (₹ In '000)**



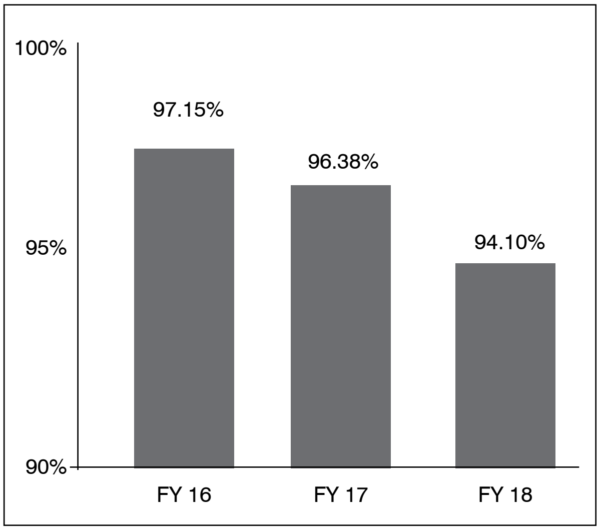

**Segment Wise Sales (₹ In '000)**



### Segment Wise Sales

Turning on an individual business segments performance, results were constructed by increased sales of hard ferrites ₹ 65,725 thousands or 22% compare to last year ₹ 289,337 thousands. On a positive note, results were buoyed by an increased sales of soft ferrites ₹ 35,925 thousands or 22% compare to last year to ₹ 172,637 thousands, and increased in value added services & sales ₹ 4,832 thousands or 4% compare to last year to ₹ 154,304 thousands due to addition of new unit, our initiatives to improve our share of business from key accounts as well as new customers and new markets.

**Operating Cost (% of Sales)**

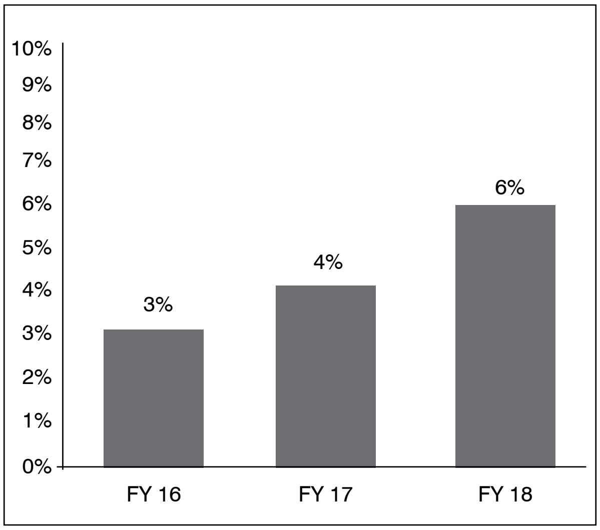



### Operating Costs

Operating costs has decreased by ₹ 67,103 thousands, or (-) 2.28% up compared with the previous fiscal year to ₹ 616,027 thousands, largely reflecting the increase in turnover by 14% compare to last year.

During the fiscal year there is decrease in the operating cost as compare to last year, due to the increased in the yield the same as been decreased. The Company has taken up the issues and made a lot of changes in the operations process and after studying the product mix analysis the same as also been changed. The results of making the changes has reduced the operating cost during the upcoming year with respect to the decreased in the operating cost and increased in the sales. As the company is growing the management has made the addition into the improvements in the process, adoption of new techniques to improve the process, etc.

**Operating Income (% of Sales)**




### Operating Income

Taking into account the aforementioned factors, operating income has increased ₹ 19,727 thousands or 2%, compared with the fiscal year net sales and increased 85% compared to previous year to ₹ 23,143 thousands. The Company has adopted the Indian Accounting Standards during the fiscal year, due to its adoption the figures have been regrouped. Due to the increase in the operating income the net margin for the fiscal year is 6% of net sales as compared to 4% of net sales of previous year. The same has been improved from last year.

### Net Income

Accounting for all of the aforementioned factors, net income for the fiscal year under review amounted to ₹(32,580) thousands, improved by ₹ (43,555) thousands compared with the previous fiscal year.

**Financial Condition:**

**Cash Flows**

Cash and Cash Equivalents as of March 31, 2018 stood at ₹ 34,374 thousands, lower than the previous fiscal year of ₹ 21,779 thousands.

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

Important investing activities included addition in Assets.

Significant financing activities comprised proceeds from long-term borrowings from related party.

**Cash Flows/(Used) For the Year ended 31st March,**

(₹ In '000)

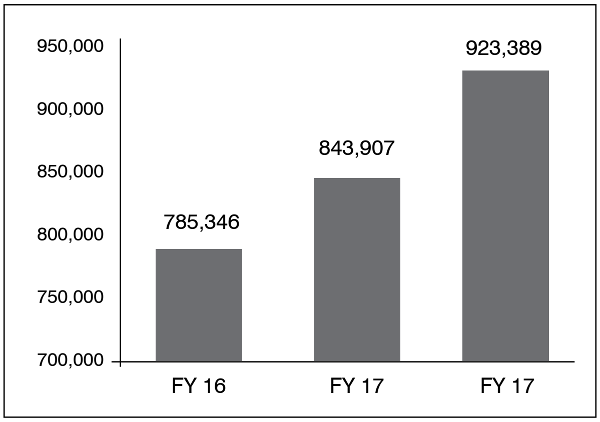
| Particulars | 2018 | 2017 |
|---|---|---|
| Operating Activities | (13,481.34) | 464.24 |
| Investing Activities | (16,949.43) | (17,752.59) |
| Financing Activities | 43,026.60 | 503.24 |
| Cash and Cash Equivalents | 34,374.60 | 21,778.78 |

**Assets, Liabilities and Net assets:**

**Asset**

Total assets stood at ₹ 923,389 thousands as on March 31, 2018, Increase of ₹ 58,561 thousands compared with the previous fiscal year. While fixed assets increased ₹ 99 thousands as compared to previous year, other non-current assets decreased ₹ 2,457 thousands as compared to previous year because of Deposit given for DGFT Appeal is been provided and written off. Current assets climbed by ₹ 81,840 thousands largely reflecting increase in trade receivable and inventories, addition due to change in assets classification.

**Total Assets (₹ In '000)**




**Liabilities**

Total liabilities stood at ₹ 674,877 thousands as on March 31, 2018, an increase of ₹ 111,810 thousands compared with the previous fiscal year end. Mainly because of increase of short-term borrowings for MMG & MagDev Ltd. , trade payables and effects on adoption of Ind AS by the company during the year.

**Net Asset**

Net assets stood at ₹ 248,512 thousands, an decrease of ₹ 32,328 thousands year on year. This is predominantly due to the increase/decrease of current assets, current liabilities and increase/decrease inlong-term &short-term borrowings.

**Internal Controls and Systems:**

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

All the three companies are IATF 16949 certified / undergoing certification, periodically audits are conducted by the certifying bodies to ensure system adherence. The senior management team conducts periodical Management Review Meetings (MRMs) to examine implementation of Quality System. We are making our position stronger by identifying new customers with higher margin, improving internal efficiency, in house Research and Development, and better customer satisfaction.

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

**Human Resources:**

Since employees are the greatest asset of the Company, it always strives to create a conducive work environment for employees so that they perform well, grow in their career and at the same time, enhance their learning and further build on their capabilities. The Company's HR policies and a large number of programmes and forums are oriented to ensure employee growth and overall well-being.

Communication with employees is a special thrust area. There is a calendar of regular interactive meetings between the Management and employees across all levels and at all locations. For grievance redressal, dedicated help-desks and various interactive forums have been set up to ensure timely action.

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

Delta Magnets have internal union. MMG (I), MagDev and Pilamec does not have any unions. The total employee strength as on 31 March 2018 stood at 216, increased from 195 in the previous year.

**Outlook and Forecast for the Fiscal Year Ending 31st March 2019:**

With increased political stability, government's focus on manufacturing and infrastructure development, lower interest rates, lower fuel prices, increasing consumption and reforms like GST, there is optimism with regard to economic growth. Although there are risks in the form of a below normal monsoon or a rise in inflation, it is widely expected that the economy will support growth of industries.

The Company will make efforts to achieve double digit growth in 2018-19 as well, on the back of a strong product portfolio, enhanced brand image, increased capacity and further strengthening of the existing operations.

Your Company is projecting gross sales of ₹ 870,000 thousands approximate in the fiscal year ending March 31st, 2019.

Moving forward, The Company is on course to achieve its goal of ₹ 1,000,000 thousands approximate Gross sales by the year 2020.

**Business and Other risks:**

DMG operates in global and domestic markets and our products are used in a diverse range of applications in different industries/sectors. For this reason, a variety of factors may materially impact the Group's operations. Some of the major businesses and other risks are described below. Statements concerning the future represent the judgment of DMG as of March 2018.

(1) Major raw material price fluctuations

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

(2) Exchange rate fluctuations

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

(3) Acquisitions, Joint Ventures and Strategic Alliances

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

(4) Potential risk in overseas activities

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

(5) Public regulations

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

(6) Financial risk

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

(7) Competition risk

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

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

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

**Cautionary statement:**

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

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

A report on compliance with the principles of Corporate Governance as on 31st March, 2018 as prescribed by the Securities and Exchange Board of India (SEBI) and Schedule V of the Listing Regulations is given below:

## BOARD OF DIRECTORS

### A. Composition of the Board

As on 31st March, 2018, in compliance of Regulation 17 of Listing Regulations, the Board has optimum combination of Executive, Non-executive and Independent Directors comprising of One (1) Executive Director and Seven (7) Non-Executive Directors out of which Four (4) are Independent Directors and One (1) is Women Director. The majority of the Directors on the Board including the Chairman are Non-Executive Directors. Fifty percent of the Board comprises of Independent Directors. The Independent Directors are eminent professionals/ entrepreneurs with wide range of knowledge and experience in business, industry, finance and law. Their presence on the Board has been advantageous and fruitful in taking business decisions.

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 of Independent Director are disclosed on the Company's website. The Company has received declarations of independence as prescribed under Section 149(6) and (7) of the Act from the Independent Directors. All requisite declarations have been placed before the Board.

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 being Audit Committee and Stakeholders Relationship Committee), as per Regulation 26(1) of the Listing Regulations across all the listed Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Independent Directors serve as an Independent Director in more than Seven (7) listed entities and also the Managing Director of the Company does not serve as Independent Director in more than Three (3) listed entities.

None of the Directors hold office as Director in more than Twenty (20) companies and in more than Ten (10) public companies as prescribed under Section 165 of the Act.

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

## 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 IT Park, Ashok 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. Ram H. Shroff is the Managing Director of the Company since 2012 and has been instrumental in creating an international imprint by an overseas acquisition. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways, Telecommunication amongst others.

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.

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

**Mr. Javed Tapia**

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

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

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

**Mr. Rajesh Jaggi**

Mr. Rajesh Jaggi is Partner and Managing Director of Everstone Capital Advisors’ real estate business. Mr. Jaggi has over 14 years of real estate leadership experience in India, including strategic planning, acquisition, finance, sales and marketing, legal and project and facility management services. Under his guidance, the Everstone team has successfully leased and operates nine malls and six logistics parks. Prior to Everstone, Mr. Jaggi was the Managing Director of Peninsula Land Limited (a $ 400 Million-market cap listed leading Indian real estate company). Mr. Jaggi also served as the Managing Director of Peninsula Realty Fund (a joint venture with Brookfield Asset Management) and Head of Peninsula Facility Management Services Private Limited. An alumnus of F.W. Olin Graduate School of Business at Babson College, Boston, 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 pediatric neurologist. Dr. Udani is a consultant at Hinduja National Hospital, Medical Research Centre and Saifee Hospital. Dr. Udani is also an Assistant Professor of Pediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. Dr. Udani is also a member of the Indian Academy of Pediatrics, Neurological Society of India and Indian Academy of Neurology.

**B. Board Procedure**

The notice of the Board/Committee meeting is sent to all the Directors along with detailed Agenda folder of Board and Committee meetings in advance. 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**

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

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit and other Committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer (C.F.O.) and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets, which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as delay in share transfer etc.
16. Any other information which is relevant for decision making by the Board.

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

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

**E. Board Support**

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

**F. Code of Conduct**

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All the Board Members and the 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.

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

**G. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2018. The Managing Director and the C.F.O. have also given quarterly certification on financial results to the Board in terms of Regulation 33 (2) of the Listing Regulations.

**H. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 11th August, 2017, 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 and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**I. Familiarization Program for Independent Directors**

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

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

**J. Performance Evaluation and Criteria for Evaluation**

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

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

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

During the Financial Year 2017-18, Five (5) meetings of the Board were held on 17th May, 2017, 11th August, 2017, 12th September, 2017, 11th December, 2017 and 12th February, 2018. The maximum gap between two Board Meetings was not more than one hundred and twenty (120) days.

As on 31st March, 2018, composition of the Board of Directors and attendance of the Directors at the Board Meetings as well as their Directorship in companies and membership in Committees of public companies is as follows:

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

| Name of the Director | Category | Number of Board Meetings during the year 2017-2018 | | Whether attended the last AGM held on 26.09.2017 | Number of Directorships in other Companies | Number of Committee positions held in other Public Companies | |
|---|---|---|---|---|---|---|---|
| | | Held | Attended | | | Chairman | *Member |
| Mr. Jaydev Mody (Chairman) | Non-Executive, Promoter | 5 | 4 | No | 13 | 2 | 2 |
| Dr. Ram H. Shroff (Managing Director) | Executive, Non-Independent | 5 | 5 | Yes | 11 | 0 | 1 |
| Ms. Ambika Kothari | Non-Executive, Non-Independent | 5 | 4 | No | 18 | 0 | 0 |
| Mr. Darius Khambatta | Non-Executive, Non-Independent | 5 | 5 | No | 14 | 0 | 0 |
| Mr. Javed Tapia | Non-Executive, Independent | 5 | 5 | No | 11 | 0 | 1 |
| Mr. Rajesh Jaggi | Non-Executive, Independent | 5 | 4 | Yes | 15 | 2 | 3 |
| Mr. Samir Chinai | Non-Executive, Independent | 5 | 3 | No | 14 | 0 | 0 |
| Dr. Vrajesh Udani | Non-Executive, Independent | 5 | 4 | No | 5 | 0 | 5 |

*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.

**Committees of the Board**

## A. AUDIT COMMITTEE

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

### Composition

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

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 2017-18 is detailed below:

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

### Meeting and attendance

During the Financial Year ended 31st March, 2018, Four (4) meetings of the Audit Committee were held as follows:

| Sr. No. | Date | Committee Strength | No. of Members Present |
|---|---|---|---|
| 1 | 17th May, 2017 | 4 | 3 |
| 2 | 12th September, 2017 | 4 | 4 |
| 3 | 11th December, 2017 | 4 | 3 |
| 4 | 12th February, 2018 | 4 | 4 |

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

The previous AGM of the Company held on Tuesday, 26th September, 2017 was attended by Mr. Rajesh Jaggi, Chairman of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

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

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

**Powers**

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

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

**Terms of Reference**

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

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

**Review of Information**

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

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor;
- Financial statements as well as investments made by unlisted subsidiaries;
- Review and approve, policy formulated for determination of material subsidiaries;
- Statement of deviations as prescribed in Listing Regulations, whenever applicable.

The C.F.O., Internal Auditors and the Statutory Auditors are invitees to meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The Company is compliant with Regulation 18(1)(c) of Listing Regulations with reference to financial literacy and accounting and management expertise of the members.

## 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.

**Composition**

The Composition of Nomination and Remuneration Committee is as follows:

| Sr. No. | Name of Members | Category | 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.

**Meeting and attendance**

During the Financial Year 2017-18, One (1) meeting of the Nomination and Remuneration Committee was held as follows:

| Sr. No. | Date | Committee Strength | No. of Members Present |
|---|---|---|---|
| 1. | $11^{th}$ August, 2017 | 3 | 2 |

**Terms of reference**

- Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time.

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

**Nomination and Remuneration Policy**

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

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

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

(c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

**Remuneration for Independent Directors and Non-independent Non-Executive Directors**

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

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

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

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

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

The Company has not entered into any service contract.

**Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

**Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31st March, 2018 and their relationship with other Directors of the Company**

**Executive Director**

NIL

**Non-Executive Directors**

(₹ in '000)

| Name | Relationship with other Directors | Sitting Fees (₹) | Commission (₹) | Total (₹) |
|---|---|---|---|---|
| Mr. Jaydev Mody | None | 8.00 | 0.00 | 8.00 |
| Ms. Ambika Kothari | None | 8.00 | 0.00 | 8.00 |
| Mr. Darius Khambatta | None | 10.00 | 0.00 | 10.00 |
| Mr. Javed Tapia | None | 18.00 | 0.00 | 18.00 |
| Mr. Rajesh Jaggi | None | 14.00 | 0.00 | 14.00 |
| Mr. Samir Chinai | None | 6.00 | 0.00 | 6.00 |
| Dr. Vrajesh Udani | None | 14.00 | 0.00 | 14.00 |

During the Financial Year 2017-18, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

### Shareholding of Non-Executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2018 is given below:

| Name | No. of shares held |
|---|---|
| *Mr. Jaydev Mody | 1,125 |
| Ms. Ambika Kothari | 1,950 |
| Mr. Darius Khambatta | 0 |
| Mr. Javed Tapia | 0 |
| Mr. Rajesh Jaggi | 0 |
| Mr. Samir Chinai | 450 |
| Dr. Vrajesh Udani | 0 |

*Holding Jointly with Ziabai Mody

## C. 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.

### Composition

The Composition of Stakeholders Relationship Committee as on 31st March, 2018 is as follows:

| Sr. No. | Name of Members | Category | 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 |

Ms. Snehal Oak, Company Secretary acts as a Compliance Officer to the Committee.

### Meeting and attendance

During the Financial Year 2017-18, Five (5) meetings of the Stakeholders Relationship Committee were held, as follows:

| Sr. No. | Date | Committee Strength | No. of Members present |
|---|---|---|---|
| 1. | 19th April, 2017 | 3 | 3 |
| 2. | 05th June, 2017 | 3 | 3 |
| 3. | 24th July, 2017 | 3 | 3 |
| 4. | 16th October, 2017 | 3 | 3 |
| 5. | 12th February, 2018 | 3 | 3 |

### 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.

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.

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

During the Financial Year ended 31st March, 2018, there were no complaint 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.

**Details of Annual General Meetings**

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

| Year | Location | Date | Day | Time | No. of Special Resolutions |
|---|---|---|---|---|---|
| 2014 – 15 | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik–422 010, Maharashtra | 07th September, 2015 | Monday | 2.00 p.m. | 0 |
| 2015 – 16 | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik–422 010, Maharashtra | 26th September, 2016 | Monday | 3.00 p.m. | 0 |
| 2016 – 17 | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik–422 010, Maharashtra | 26th September, 2017 | Tuesday | 3.00 p.m. | 0 |

During the Financial Year 2017-18, no resolution was passed by Postal Ballot.

No special resolution is proposed to be conducted through the Postal Ballot.

**Disclosures**

a) During the Financial Year 2017-18, there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

   The Register of Contracts, wherever applicable, detailing the transactions, in which the Directors are interested, 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.

b) 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) The Company has a well defined risk management system. Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures.

d) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

e) The Policy for determining 'material' subsidiaries is disclosed on website of the Company and the same may be accessed at the weblink: http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf

f) The Policy on dealing with related party transactions is disclosed on website of the Company and the same may be accessed at the weblink: http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf

g) Disclosure of commodity price risks and commodity hedging activities: NA

h) 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.

i) Extent of compliance with the non-mandatory requirements:

The Company complies with the following non-mandatory requirements:

- The financial statements of the Company are with unmodified audit opinion.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.
- Reporting of the Internal Auditor to the Audit Committee.

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:-

| **Particulars** | **Regulation Number** | **Compliance status (Yes/ No/ NA)** |
|---|---|---|
| Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility' | 16(1)(b) & 25(6) | Yes |
| Board composition | 17(1) | 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 |

| Particulars | Regulation Number | Compliance status (Yes/ No/ NA) |
|---|---|---|
| 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.

| Particulars | Regulation Number | Compliance status (Yes/ No/ NA) |
|---|---|---|
| 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 |

## MEANS OF COMMUNICATION

### Financial Results

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

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

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

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

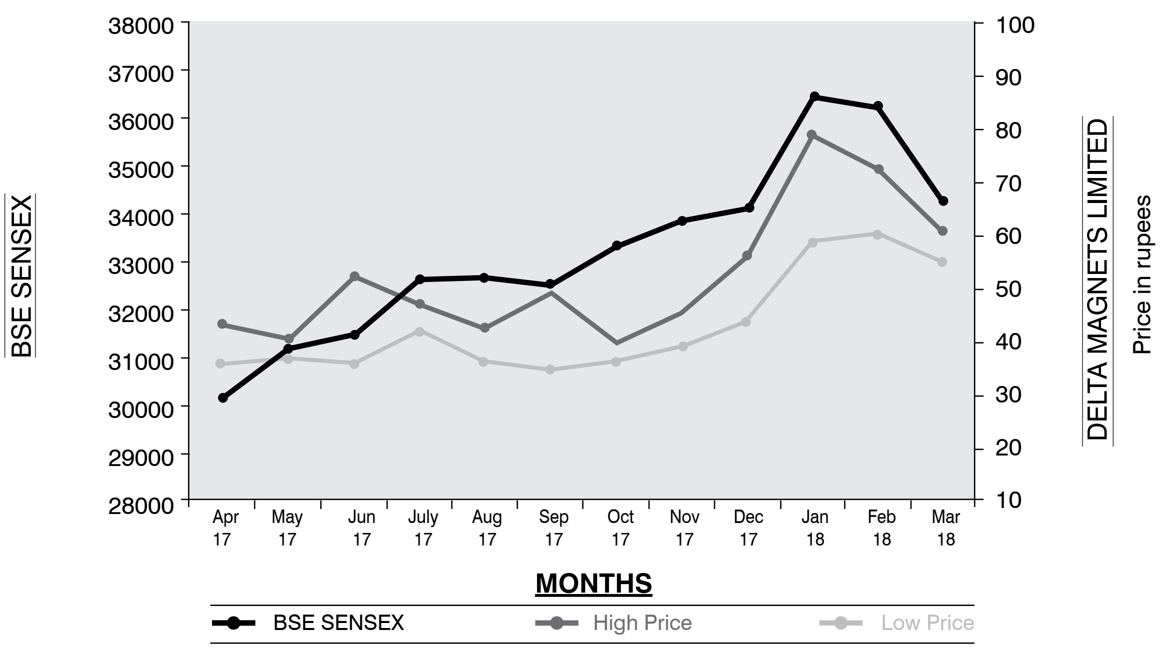
| | | |
|---|---|---|
| Date and Time | : | Thursday, 27th day of September, 2018 at 1.00 p.m. |
| Venue | : | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra. |

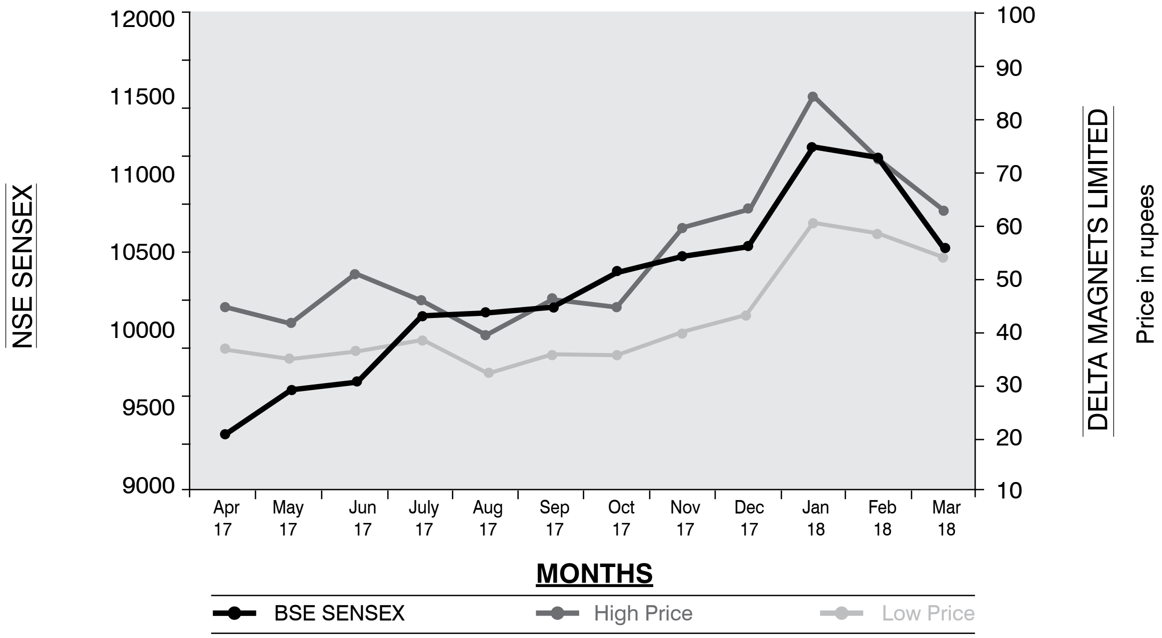
As required under Regulation 36(3) of the Listing Regulations, particulars of Director seeking appointment / re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on Thursday, 27th day September, 2018.

| | | |
|---|---|---|
| Financial Year | : | 1st April to 31st March. |
| Dates of Book Closure | : | Thursday, 20th September, 2018 to<br>Thursday, 27th September, 2018 |
| 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>National Stock Exchange of India Limited<br>Exchange Plaza, Bandra Kurla Complex,<br>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 31st March, 2018. |

**Stock Market Price data: High /Low during each month for the Financial Year 2017-18**

| Month | BSE Limited | | National Stock Exchange of India Limited | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2017 | 43.50 | 36.30 | 45.00 | 37.50 |
| May, 2017 | 40.95 | 37.15 | 42.00 | 35.75 |
| June, 2017 | 52.25 | 36.10 | 51.20 | 36.55 |
| July, 2017 | 47.45 | 42.50 | 46.20 | 39.00 |
| August, 2017 | 42.85 | 36.55 | 39.55 | 32.75 |
| September, 2017 | 49.35 | 35.00 | 46.35 | 36.00 |
| October, 2017 | 39.90 | 36.10 | 45.00 | 36.00 |
| November, 2017 | 45.50 | 39.35 | 59.90 | 40.00 |
| December, 2017 | 56.20 | 44.10 | 63.95 | 43.50 |
| January, 2018 | 78.95 | 59.00 | 84.95 | 61.25 |
| February, 2018 | 72.90 | 61.05 | 72.95 | 59.25 |
| March, 2018 | 61.05 | 55.25 | 63.30 | 54.65 |






**Share Transfer Agents**

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

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

**Share Transfer Process**

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

**Distribution of Equity Shareholding according to Numbers as at 31st March, 2018**

| Category | No. of holders | % to total number of Shareholders | No of shares held in that slab | % to total number of shares |
|---|---|---|---|---|
| 1 to 5000 | 3,875 | 98.56 | 8,69,012 | 13.43 |
| 5001 to 10000 | 25 | 0.64 | 1,87,182 | 2.89 |
| 10001 to 20000 | 17 | 0.43 | 2,59,850 | 4.02 |
| 20001 to 50000 | 6 | 0.16 | 2,03,902 | 3.15 |
| 50001 to 100000 | 3 | 0.08 | 2,19,500 | 3.39 |
| 100001 & above | 5 | 0.13 | 4,73,15,68 | 73.12 |
| **TOTAL** | **3,931** | **100** | **64,71,014** | **100** |

**Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2018**

| Sr. No. | Category of Shareholder | Number of Share holders | Number of Shares | % |
|---|---|---|---|---|
| **(A)** | **Shareholding of Promoter and Promoter Group** | **8** | **46,68,691** | **72.15** |
| **(B)** | **Public shareholding** | | | |
| **1** | **Institutions** | | | |
| | (a) Mutual Funds/ UTI | 3 | 1,425 | 0.02 |
| | (b) Financial Institutions / Banks | 4 | 7,700 | 0.12 |
| | (c) Insurance Companies | 0 | 0 | 0.00 |
| | (d) Foreign Institutional Investors | 0 | 0 | 0.00 |
| **2** | **Non-Institutions** | | | |
| | (a) Bodies Corporate | 58 | 2,26,688 | 3.50 |
| | (b) Individuals | | | |
| | (i) holding nominal share capital up to ₹ 1 Lacs | 3,823 | 10,10,034 | 15.61 |
| | (ii) holding nominal share capital in excess of ₹ 1 Lacs | 23 | 5,47,752 | 8.47 |
| | NRIs | 11 | 8,524 | 0.13 |
| | Clearing Member | 1 | 200 | 0.00 |
| | **Total Public Shareholding** | **3,923** | **18,02,323** | **27.85** |
| | **TOTAL (A) + (B)** | **3,931** | **64,71,014** | **100** |

**Dematerialisation of shares and liquidity**

As on 31st March, 2018, 61,51,218 Equity Shares (95.06 % of the total number of shares) are in demat form as compared to 61,46,653 Equity Shares (94.99 % of the total number of shares) as on 31st March, 2017.

**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 2017-18

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

**Plant Location**

The Company has Plant on the following given address:

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

**Investor Correspondence**

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

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

# DECLARATION

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the Financial Year ended 31$^{st}$ March, 2018.

**For Delta Magnets Limited**

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

Place: Mumbai
Date: 10$^{th}$ August, 2018

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# CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Delta Magnets Limited ('the Company') for the year ended 31$^{st}$ March, 2018, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C , D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

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

Place: Mumbai
Date: 10$^{th}$ August, 2018

# INDEPENDENT AUDITORS' REPORT

**To the Members of Delta Magnets Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone Financial Statements of Delta Magnets Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the statement of changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note No. 39 to the Standalone Financial Statements with regard to MAT Credit Entitlement of ₹ 1,839.31 (‘000), which is based on the judgment of the management.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

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

(2) 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 purposes of our audit;

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

c. the Standalone 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 the Ind AS specified under Section 133 of the Act;

e. on the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 March 31, 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date and our report dated May 18, 2018 as per “Annexure B” expressed an 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. 34 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**(Amit N. Desai)**
Partner
Membership No.: 032926

Mumbai: May 18, 2018

# 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 March 31, 2018]

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

(c) The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.

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

(iii) The Company has not granted unsecured loan to a company covered in the register maintained under Section 189 of the Act.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the aforesaid loan granted by the Company are not prejudicial to the interest of the Company.

(b) The schedule of repayment of principal and interest (where applicable) has been stipulated wherein the principal and interest amounts are repayable on demand and since the repayment of such loan has not been demanded, in our opinion, repayment of the principal and interest amount is regular;

(c) There is no overdue amount in respect of loan granted to such company.

(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 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:

| 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 Amit Desai & Co**
Chartered Accountants
ICAI Firm Reg. No.: 130710W

**(Amit N. Desai)**
Partner
Membership No.: 032926

Mumbai: May 18, 2018

# 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 March 31, 2018, 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

**(Amit N. Desai)**
Partner
Membership No.: 032926

Mumbai: May 18, 2018

# STANDALONE BALANCE SHEET
## AS AT 31ST MARCH, 2018

(₹ in '000)

| Particulars | Note No. | As At 31st March, 2018 | As At 31st March, 2017 | As At 31st March, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non - Current Assets** | | | | |
| (a) Property, Plant and Equipment | 3 | 205,034.55 | 207,531.11 | 203,528.75 |
| (b) Capital Work In Progress | | 1,230.61 | 3,576.43 | 3,892.07 |
| (c) Financial Assets | | | | |
| (i) Investments | 4 | 156,055.46 | 156,055.46 | 156,055.46 |
| (ii) Other Financial Assets | 5 | 4,503.17 | 6,064.97 | 5,442.67 |
| (d) Non Current Tax Assets (Net) | 6 | 2,430.92 | 2,954.03 | 2,736.13 |
| (e) Other Non-Current Assets | 7 | 3,218.61 | 1,624.85 | 453.43 |
| **Total Non - Current Assets** | | **372,473.33** | **377,806.86** | **372,108.51** |
| **Current Assets** | | | | |
| (a) Inventories | 8 | 20,527.40 | 21,352.51 | 18,661.86 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 9 | 53,964.72 | 52,473.01 | 56,105.91 |
| (ii) Cash and Cash Equivalents | 10 | 329.49 | 233.54 | 983.50 |
| (iii) Bank Balances Other Than (ii) above | 11 | 1,787.74 | 270.26 | 160.57 |
| (iv) Loans | 12 | 44,620.75 | 26,582.54 | 14,699.00 |
| (v) Other Financial Assets | 13 | 6,056.14 | 3,246.11 | 4,923.92 |
| (c) Other Current Assets | 14 | 33,406.53 | 5,589.90 | 4,048.78 |
| **Total Current Assets** | | **160,692.78** | **109,747.88** | **99,583.54** |
| **Total Assets** | | **533,166.10** | **487,554.74** | **471,692.05** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share Capital | 15 | 64,710.14 | 64,710.14 | 64,710.14 |
| (b) Other Equity | 16 | 230,587.28 | 228,800.67 | 242,732.74 |
| **Total Equity** | | **295,297.42** | **293,510.81** | **307,442.88** |
| **Liabilities** | | | | |
| **Non - Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 17 | 62,493.13 | 54,746.50 | 48,560.14 |
| (ii) Other Financial Liabilities | 18 | - | - | 5,579.53 |
| (b) Deferred Tax Liabilities (Net) | 46 | 9,541.43 | 13,394.87 | 13,680.80 |
| (c) Provisions | 19 | 9,648.36 | 9,728.75 | 6,631.13 |
| (d) Other Non-Current Liabilities | 20 | 3,737.39 | 6,798.89 | 9,860.39 |
| **Total Non-Current Liabilities** | | **85,420.32** | **84,669.01** | **84,311.99** |
| **Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 21 | 55,582.93 | 41,112.13 | 34,026.69 |
| (ii) Trade Payables | 22 | 41,114.10 | 38,156.10 | 27,702.23 |
| (iii) Other Financial Liabilities | 23 | 8,347.87 | 7,795.67 | 7,171.82 |
| (b) Other Current Liabilities | 24 | 43,367.53 | 20,120.21 | 9,399.08 |
| (c) Provisions | 25 | 2,571.43 | 2,190.79 | 1,637.36 |
| (d) Current Tax Liabilities (Net) | 26 | 1,464.50 | - | - |
| **Total Current Liabilities** | | **152,448.36** | **109,374.91** | **79,937.18** |
| **Total Equity and Liabilities** | | **533,166.10** | **487,554.74** | **471,692.05** |

The accompanying significant accounting policies and notes are an integral part of these standalone financial statements.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in '000)

| Particulars | Note No. | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from Operations | 27 | 238,346.76 | 203,874.91 |
| Other Income | 28 | 10,838.66 | 6,473.96 |
| **Total Revenue** | | **249,185.42** | **210,348.87** |
| | | | |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 29 | 30,885.26 | 22,612.80 |
| Changes in Inventories of Finished Goods & Work-in-Progress | 30 | 2,392.08 | (3,291.34) |
| Excise Duty | | 5,823.88 | 23,288.39 |
| Employee Benefit Expense | 31 | 71,547.87 | 64,624.07 |
| Finance Costs | 32 | 14,847.12 | 13,761.74 |
| Depreciation & Amortisation Expense | 3 | 8,082.20 | 7,860.09 |
| Other Expenses | 33 | 117,458.52 | 93,765.03 |
| **Total Expenses** | | **251,036.92** | **222,620.79** |
| Profit / (Loss) Before Exceptional Items and Tax | | (1,851.50) | (12,271.92) |
| Exceptional Items | | - | - |
| Profit / (Loss) Before Tax | | (1,851.50) | (12,271.92) |
| Tax Expenses | 46 | | |
| - Current Tax | | 1,839.31 | - |
| - Deferred Tax | | (4,275.67) | 315.41 |
| **Total Tax Expenses** | | **(2,436.36)** | **315.41** |
| **Profit / (Loss) for the Year** | | **584.86** | **(12,587.33)** |
| | | | |
| **Other Comprehensive Income** | | | |
| a) Items that will not be reclassified into profit or loss - Remeasurements of the defined benefit obligations | | 1,623.98 | (1,946.07) |
| b) Income tax relating to items that will not be reclassified into profit or loss | 46 | (422.24) | 601.34 |
| **Total Other Comprehensive Income** | | **1,201.75** | **(1,344.74)** |
| **Total Comprehensive Income / (Loss) for the Year** | | **1,786.61** | **(13,932.06)** |
| Earnings Per Equity Share (Nominal Value of ₹ 10/- Each) | | | |
| - Basic and Diluted Earnings Per Share | 37 | 0.09 | (1.95) |

The accompanying significant accounting policies and notes are an integral part of these standalone financial statements.

As Per Our Report of Even Date

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

Amit N. Desai
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# STANDALONE STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## A. EQUITY SHARE CAPITAL

(₹ in ‘000)

| Particulars | |
|---|---|
| **As at April 1, 2016** | **64,710.14** |
| Changes in equity share capital | - |
| **As at March 31, 2017** | **64,710.14** |
| Changes in equity share capital | - |
| **As at March 31, 2018** | **64,710.14** |

## B. OTHER EQUITY

(₹ in ‘000)

| Particulars | Reserves and Surplus | | | Total Other Equity |
|---|---|---|---|---|
| | Securities Premium Reserve | Retained Earnings | Deemed Equity Contribution | |
| Balance As At April 1, 2016 | 107,025.24 | 60,870.59 | 74,836.91 | 242,732.74 |
| Additions During the Year | - | - | - | - |
| Profit/(Loss) for the Year | - | (12,587.33) | - | (12,587.33) |
| Other Comprehensive Income/(Loss) for the Year | - | (1,344.74) | - | (1,344.74) |
| Deletions During the Year | - | - | - | - |
| **Balance As At March 31, 2017** | **107,025.24** | **46,938.53** | **74,836.91** | **228,800.67** |
| **Balance As At April 1, 2017** | **107,025.24** | **46,938.53** | **74,836.91** | **228,800.67** |
| Additions During the Year | - | - | - | - |
| Profit/(Loss) for the Year | - | 584.86 | - | 584.86 |
| Other Comprehensive Income/(Loss) for the Year | - | 1,201.75 | - | 1,201.75 |
| Deletions During the Year | - | - | - | - |
| **Balance As At March 31, 2018** | **107,025.24** | **48,725.14** | **74,836.91** | **230,587.28** |

The accompanying significant accounting policies and notes are an integral part of these standalone financial statements.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
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Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# STANDALONE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Particulars | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit / (Loss) Before Tax | (649.75) | (13,616.65) |
| Adjustments For: | | |
| Depreciation & Amortisation Expense | 8,082.20 | 7,860.09 |
| Finance costs | 14,847.12 | 13,761.74 |
| Interest Income | (3,540.82) | (2,158.04) |
| Sundry Balances (Written Back) / Written Off | 2,004.15 | 166.12 |
| Foreign Currency Fluctuation (Gain) / Loss | 336.63 | (57.22) |
| Financial Guarantee Commission Income | (2,701.50) | (2,701.50) |
| Actuarial (Gain) / Loss on Gratuity | (1,201.75) | 1,344.74 |
| Provision for Employee Benefits | 2,653.32 | 2,441.02 |
| Provision for Doubtful Debts | 227.85 | 936.91 |
| Operating Profit / (Loss) Before Working Capital Changes | 20,057.45 | 7,977.19 |
| Adjustments For: | | |
| (Change in Operating Assets and Liabilities) | | |
| - Trade Receivables | (1,719.56) | 2,695.99 |
| - Inventories | 825.11 | (2,690.65) |
| - Non-Current Financial Assets | 1,561.80 | (622.30) |
| - Other Financial Assets | 70.65 | 3,362.06 |
| - Other Current Assets | (27,816.63) | (1,541.12) |
| - Trade Payables | 617.23 | 10,344.98 |
| - Provision for Employee Benefits | (1,151.32) | (134.70) |
| - Other Non-Current Liabilities | (360.00) | (360.00) |
| - Other Financial Liabilities | 112.82 | (7,080.82) |
| - Other Liabilities | 23,247.31 | 10,721.13 |
| **Cash Generated From / (Used in) Operations** | 15,444.86 | 22,671.76 |
| Less: Income Taxes Paid (Net) | 570.54 | (819.24) |
| **Net Cash Flow From / (Used in) Operating Activities** | 16,015.40 | 21,852.52 |

# STANDALONE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Particulars | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest Income | 660.14 | 473.79 |
| Payments for Property, Plant and Equipment (including Capital Work-in-Progress and Capital Advances) | (5,430.49) | (10,641.79) |
| Proceeds from Sale of Property, Plant and Equipment | - | - |
| Inter Corporate Deposits Given | (18,038.21) | (11,883.54) |
| Movement in Cash and Bank Balances Which are Not Considered as Cash and Cash Equivalents | (1,517.49) | (109.69) |
| **Net Cash Flow From / (Used in) Investing Activities** | **(24,326.04)** | **(22,161.23)** |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net Proceeds from Borrowings | 22,217.43 | 13,271.80 |
| Financial Guarantee Commission Income | - | - |
| Finance Costs | (13,810.83) | (13,713.05) |
| **Net Cash From / (Used in) Financing Activities** | **8,406.60** | **(441.25)** |
| | | |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | **95.95** | **(749.96)** |
| Cash and Cash Equivalents at the Beginning of the Year | 233.54 | 983.50 |
| **Cash and Cash Equivalents at the End of the Year** | **329.49** | **233.54** |

Components of Cash and Cash Equivalents (Refer Note 10)

Notes:

1) 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.
2) Figures in bracket indicate cash outflow.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
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DIN:00234797

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**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 1. COMPANY OVERVIEW

Delta Magnets Limited ("the Company") is a Company incorporated on 23rd September, 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).

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

The Standalone Financial Statements ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (hereafter referred to as the "Ind AS") as notified under Section 133 of the Companies Act, 2013("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given under Note 48.

The date transition to Ind AS is April 01, 2016. The financial statements as at and for the year ended 31st March 2018 (including Comparatives) were approved and authorised by the Company's Board of Directors as on 18th May 2018.

These financial statements for the year ended 31st March 2018 are the first Financial Year with comparatives, prepared under Ind AS. The adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards.

(ii) Historical cost convention

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting 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. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April 2016 being the date of transition.

(iii) Rounding of amounts

All the amounts disclosed in the financial statements and notes are presented in Indian Rupees have rounded off to the nearest thousands as per requirement of Schedule III, unless otherwise states. The amount '0' denotes amount less than ₹ Ten.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(iv) Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**(b) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the year in which results are known /materialised. Any revision to an accounting estimate is recognised prospectively in the year of revision.

**(c) Revenue Recognition**

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue.

Sale of products:

Revenue from sale of products is recognised when the Company transfers all significant risks and rewards of ownership to the buyer, while the Company retains neither continuing managerial involvement nor effective control over the products sold.

Rendering of services:

Revenue from services is recognised when the stage of completion can be measured reliably. Stage of completion is measured by the services performed till Balance Sheet date as a percentage of total services contracted.

Interest income:

Interest income is recognised using effective interest method.

Dividend income:

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(d) Property, Plant and Equipment**

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other nonrefundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any.

Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

The estimated useful life of items of property, plant and equipment is mentioned below:

| Category of Asset | Years |
|---|---|
| Factory Building | 30 |
| Carpeted Roads - Other Than RCC | 5 |
| General - Plant and Machinery | 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 |

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

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.

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



**(e) Intangible Assets**

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The estimated useful life of intangible assets is mentioned below:

| Category of Asset | Years |
|---|---|
| Computer Software | 5 |

The amortization period and the amortization method for an intangible asset with finite useful life is 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 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.

**(f) Impairment**

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**(g) Inventory**

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, FIFO method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

**(h) Foreign Currency Translation**

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

**(i) Income Taxes**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS



Current 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.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Minimum Alternate Tax (MAT)

Tax credit for Minimum Alternate Tax (MAT is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. MAT credit is recognised as deferred tax in financial statements.

**(j) Provisions And Contingencies**

The Company recognizes provisions when present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**(k) Lease Accounting**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

(i) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(ii) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(l) Borrowing Cost**

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 31ST MARCH, 2018**

**(m) 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.

**(n) 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.

**Financial Assets**

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

(i) Financial assets measured at amortized cost

(ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

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

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 47 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

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

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies, if any (Refer Note 47 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head ‘Other expenses’.

**Financial Liabilities**

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31ST MARCH, 2018

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (Refer Note 47 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

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 between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

**(o) Fair Value**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

Level 3 - inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**(p) Employee Benefits**

**Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**Post-Employment Benefits:**

I. Defined Contribution Plans:

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund etc.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

II. Defined Benefit Plans:

The Company also provides for retirement/post-retirement benefits in the form of gratuity.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave are recognized when they accrue to employees. The Company determines the liability for such accumulated leaves using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

**(q) Earnings Per Share**

**Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the Financial Year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period.

**Diluted Earnings per Share**

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

**(r) Investment In Subsidiary And 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 4. Impairment policy applicable on such investments is explained in note 2(f) above.

**(s) Cash And Cash Equivalents**

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(t) Recent Accounting Pronouncements**

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board(IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

a. Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standards can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Company, the impact of application of the Standard is not expected to be material.

b. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The appendix clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense  or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment of receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the Appendix on the financial statements, as assessed by the Company, is expected to be not material.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2018

## 3 PROPERTY, PLANT AND EQUIPMENT

(₹ in '000)

| Particulars | Leasehold Land | Buildings | Plant and Machineries | Furniture & Fixtures | Equipments | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount (Cost / Deemed Cost)** | | | | | | | | |
| Deemed Cost As At April 1, 2016 | 143,376.34 | 50,678.95 | 289,738.47 | 3,997.79 | 9,249.15 | 616.88 | 1,473.25 | 499,130.83 |
| Additions | - | 1,778.91 | 7,451.98 | 30.50 | 331.67 | - | 2,290.39 | 11,883.45 |
| Disposals / Adjustments | - | - | - | - | - | - | (21.00) | (21.00) |
| **Balance As At March 31, 2017** | **143,376.34** | **52,457.86** | **297,190.45** | **4,028.29** | **9,580.82** | **616.88** | **3,742.64** | **510,993.28** |
| **Accumulated Depreciation** | | | | | | | | |
| Balance As At April 1, 2016 | 178.84 | 22,085.39 | 263,297.76 | 3,776.05 | 4,698.72 | 586.04 | 979.28 | 295,602.08 |
| Charges for the Year | 2,295.64 | 1,094.34 | 3,372.71 | 34.27 | 543.04 | - | 520.09 | 7,860.09 |
| Reverse Charge on Disposal | - | - | | - | - | - | - | - |
| **Balance as at March 31, 2017** | **2,474.48** | **23,179.73** | **266,670.47** | **3,810.32** | **5,241.76** | **586.04** | **1,499.37** | **303,462.17** |
| **Net Carrying Amount As At April 1, 2016** | **143,197.50** | **28,593.56** | **26,440.71** | **221.74** | **4,550.43** | **30.84** | **493.97** | **203,528.75** |
| **Net Carrying Amount As At March 31, 2017** | **140,901.86** | **29,278.13** | **30,519.98** | **217.97** | **4,339.06** | **30.84** | **2,243.27** | **207,531.11** |
| | | | | | | | | |
| **Gross Carrying Amount (Cost / Deemed Cost)** | | | | | | | | |
| Deemed Cost As At April 1, 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 | - | 1,621.74 | 3,728.91 | 58.80 | 47.85 | - | 107.34 | 5,564.64 |
| Disposals / Adjustments | - | - | - | - | - | - | 21.00 | 21.00 |
| **Balance As At March 31, 2018** | **143,376.34** | **54,079.60** | **300,919.36** | **4,087.09** | **9,628.67** | **616.88** | **3,870.98** | **516,578.92** |
| **Accumulated Depreciation** | | | | | | | | |
| Balance As At April 1, 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 | - | - | - | - | - | - | - | - |
| **Balance As At March 31, 2018** | **4,770.11** | **24,338.50** | **270,111.10** | **3,847.53** | **5,783.92** | **586.04** | **2,107.17** | **311,544.37** |
| **Net Carrying Amount As At April 1, 2017** | **140,901.86** | **29,278.13** | **30,519.98** | **217.97** | **4,339.06** | **30.84** | **2,243.27** | **207,531.11** |
| **Net Carrying Amount As At March 31, 2018** | **138,606.23** | **29,741.10** | **30,808.26** | **239.56** | **3,844.75** | **30.84** | **1,763.81** | **205,034.55** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 4 | **INVESTMENTS** | | | |
| | Investment in Subsidiary Companies Measured at Cost, Unquoted Fully Paid-Up | | | |
| | Equity Shares | | | |
| | - MMG India Private Limited | 93,071.70 | 93,071.70 | 93,071.70 |
| | (1,38,65,870 Equity Shares of Face Value ₹10/- Each) | | | |
| | - MagDev Limited (Foreign Company) (762,500 Equity Shares of Face Value of £ 1/- Each) (2,500 Deferred Shares of Face Value of £ 1/- Each) | 62,983.76 | 62,983.76 | 62,983.76 |
| | **TOTAL** | **156,055.46** | **156,055.46** | **156,055.46** |
| | | | | |
| | Aggregate Amount of Quoted Investments | - | - | - |
| | Aggregate Market Value of Quoted Investments | - | - | - |
| | Aggregate Amount of Unquoted Investments | 156,055.46 | 156,055.46 | 156,055.46 |
| | Aggregate Provision for Diminution in the Value of Investments | - | - | - |
| | | | | |
| 5 | **OTHER FINANCIAL ASSETS - NON CURRENT** | | | |
| | Unsecured, Considered Good | | | |
| | Security Deposits | 4,503.17 | 6,064.97 | 5,442.67 |
| | **TOTAL** | **4,503.17** | **6,064.97** | **5,442.67** |
| | | | | |
| 6 | **NON CURRENT TAX ASSETS** | | | |
| | Income Tax Receivable | 2,430.92 | 2,954.03 | 2,736.13 |
| | **TOTAL** | **2,430.92** | **2,954.03** | **2,736.13** |
| | | | | |
| 7 | **OTHER NON CURRENT ASSETS** | | | |
| | Unsecured, Considered Good | | | |
| | Capital Advances | 3,218.61 | 1,624.85 | 453.43 |
| | **TOTAL** | **3,218.61** | **1,624.85** | **453.43** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 8 | **INVENTORIES** | | | |
| | Raw Materials | 1,430.77 | 338.45 | 1,832.18 |
| | Work In Progress | 9,326.53 | 5,413.81 | 7,812.07 |
| | Finished Goods | 3,720.40 | 10,025.19 | 4,335.60 |
| | Stores and Spares, Consumables etc. | 5,802.10 | 5,072.31 | 3,822.48 |
| | Loose Tools | 247.61 | 502.75 | 859.53 |
| | **TOTAL** | **20,527.40** | **21,352.51** | **18,661.86** |
| | | | | |
| 9 | **TRADE RECEIVABLES** | | | |
| | Unsecured, Considered Good | 53,964.72 | 52,473.01 | 56,105.91 |
| | Unsecured, Considered Doubtful | 1,540.90 | 1,787.95 | 851.04 |
| | Less: Allowance for Doubtful Debts | (1,540.90) | (1,787.95) | (851.04) |
| | **TOTAL** | **53,964.72** | **52,473.01** | **56,105.91** |
| | | | | |
| 10 | **CASH AND CASH EQUIVALENTS** | | | |
| | Cash on Hand | 26.97 | 68.30 | 33.55 |
| | Foreign Currency on Hand | 15.23 | 71.82 | 46.69 |
| | Balances with Banks in Current Accounts | 287.29 | 93.42 | 903.27 |
| | **TOTAL** | **329.49** | **233.54** | **983.50** |
| | | | | |
| 11 | **BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| | Deposits with Banks* | 1,787.74 | 270.26 | 160.57 |
| | **TOTAL** | **1,787.74** | **270.26** | **160.57** |
| | *Fixed Deposits have been pledged against borrowing from a bank or lien marked against bank guarantee. | | | |
| | | | | |
| 12 | **LOANS** | | | |
| | Inter Corporate Deposit | 44,341.25 | 26,325.25 | 14,370.00 |
| | Loans to Others | 279.50 | 257.29 | 329.00 |
| | **TOTAL** | **44,620.75** | **26,582.54** | **14,699.00** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **13** | **OTHER FINANCIAL ASSETS** | | | |
| | Interest Receivable | 5,880.18 | 2,999.49 | 1,315.24 |
| | Other Receivables | 175.97 | 246.62 | 3,608.68 |
| | **TOTAL** | **6,056.14** | **3,246.11** | **4,923.92** |
| | | | | |
| **14** | **OTHER CURRENT ASSETS** | | | |
| | Balance With Statutory / Government Authorities | 30,554.36 | 3,849.48 | 2,389.05 |
| | Advance to Creditors | 276.22 | 517.57 | 892.95 |
| | Prepaid Expenses | 2,539.00 | 1,087.47 | 559.43 |
| | Advance to Employees | 36.95 | 135.39 | 207.35 |
| | **TOTAL** | **33,406.53** | **5,589.90** | **4,048.78** |

| | Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 |
| **15** | **EQUITY SHARE CAPITAL** | | | | | | |
| | Authorised: | | | | | | |
| | Equity Shares of ₹10/- each | 10,000,000 | 100,000.00 | 10,000,000 | 100,000.00 | 10,000,000 | 100,000.00 |
| | Issued, Subscribed and Fully Paid-up: | | | | | | |
| | Equity Shares of ₹10/- each, fully paid-up | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |
| | **TOTAL** | **6,471,014** | **64,710.14** | **6,471,014** | **64,710.14** | **6,471,014** | **64,710.14** |

**Terms & Rights Attached to Equity Shares**

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 |
| Balance at the Beginning of the Year | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |
| Issued During the Year | - | - | - | - | - | - |
| Brought Back During the Year | - | - | - | - | - | - |
| Balance at the End of the Year | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Aryanish Finance and Investments Private Limited * | 1,001,570 | 15.48 | 1,006,570 | 15.56 | 1,006,570 | 15.56 |
| Bayside Property Developers Private Limited * | 997,751 | 15.42 | 997,751 | 15.42 | 1,007,751 | 15.57 |
| Delta Real Estate Consultancy Private Limited * | 1,010,977 | 15.62 | 1,015,977 | 15.70 | 1,015,977 | 15.70 |
| SSI Trading Private Limited | 1,615,153 | 24.96 | 1,615,153 | 24.96 | 1,615,153 | 24.96 |

**Note:**

*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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **16** | **OTHER EQUITY** | | | |
| | **Securities Premium Reserve** | | | |
| | Opening Balance | 107,025.24 | 107,025.24 | |
| | (+) During the Year | - | - | |
| | (-) During the Year | - | - | |
| | Closing Balance | 107,025.24 | 107,025.24 | 107,025.24 |
| | | | | |
| | **Retained Earnings** | | | |
| | Opening Balance | 46,938.53 | 60,870.59 | |
| | (+) Net Profit / (Loss) During the Year | 584.86 | (12,587.33) | |
| | (+) / (-) Other Comprehensive Income / (Loss) During the Year | 1,201.75 | (1,344.74) | |
| | Closing Balance | 48,725.14 | 46,938.53 | 60,870.59 |
| | | | | |
| | **Deemed Equity Contribution** | | | |
| | Opening Balance | 74,836.91 | 74,836.91 | |
| | (+) During the Year | - | - | |
| | (-) During the Year | - | - | |
| | Closing Balance | 74,836.91 | 74,836.91 | 74,836.91 |
| | **TOTAL** | **230,587.28** | **228,800.67** | **242,732.74** |
| | | | | |
| **17** | **BORROWINGS - NON CURRENT** | | | |
| | **Unsecured** | | | |
| | - Loans from Related Parties (Interest-Free) | 62,493.13 | 54,746.50 | 48,560.14 |
| | **TOTAL** | **62,493.13** | **54,746.50** | **48,560.14** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **18** | **OTHER FINANCIAL LIABILITIES - NON CURRENT** | | | |
| | Security Deposits | - | - | 5,579.53 |
| | **TOTAL** | **-** | **-** | **5,579.53** |
| | | | | |
| **19** | **PROVISIONS - NON CURRENT** | | | |
| | Provision for Employee Benefits | | | |
| | Gratuity (Funded) (Refer Note 35) | 9,648.36 | 9,728.75 | 6,631.13 |
| | **TOTAL** | **9,648.36** | **9,728.75** | **6,631.13** |
| | | | | |
| **20** | **OTHER NON CURRENT LIABILITIES** | | | |
| | Deferred Revenue on Customer Advances | 540.00 | 900.00 | 1,260.00 |
| | Financial Guarantee Obligation | 3,197.39 | 5,898.89 | 8,600.39 |
| | **TOTAL** | **3,737.39** | **6,798.89** | **9,860.39** |
| | | | | |
| **21** | **BORROWINGS - CURRENT** | | | |
| | Secured at amortised cost: | | | |
| | From a Bank - Cash Credit | 51,482.93 | 40,512.13 | 34,026.69 |
| | (Repayable on demand & carries floating interest @11.40 % p.a. payable at monthly rests. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.) | | | |
| | Unsecured Borrowing: | | | |
| | Loan from a Related Party (Repayable on demand and Carries Interest @ 9% p.a.) | 4,100.00 | 600.00 | - |
| | **TOTAL** | **55,582.93** | **41,112.13** | **34,026.69** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **22** | **TRADE PAYABLES** | | | |
| | - Micro, Small and Medium Enterprises | - | 6,365.21 | - |
| | - Others | 41,114.10 | 31,790.89 | 27,702.23 |
| | **TOTAL** | **41,114.10** | **38,156.10** | **27,702.23** |
| | Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. The Company has sent letters to suppliers to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 as well as whether they have filed required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalisation of Balance Sheet. Based on the confirmations received, if any, the details of outstandings are as under: | | | |
| | | | | |
| | The principal amount remaining unpaid at the end of the year | - | 6,365.21 | - |
| | The Interest amount remaining unpaid at the end of the year | - | 269.98 | - |
| | 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 | - | 269.98 | - |
| | 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 | - | 269.98 | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **23** | **OTHER FINANCIAL LIABILITIES - CURRENT** | | | |
| | Interest Accrued and Due | 1,119.77 | 83.49 | 34.79 |
| | Employee Liabilities | 5,312.13 | 5,199.31 | 6,700.60 |
| | Payable Against Capital Assets | 1,915.97 | 2,512.88 | 436.44 |
| | **TOTAL** | **8,347.87** | **7,795.67** | **7,171.82** |
| | | | | |
| **24** | **OTHER CURRENT LIABILITIES** | | | |
| | Duties & Taxes | 38,523.68 | 12,598.67 | 2,287.68 |
| | Advance Received from Customers | 1,512.37 | 4,190.06 | 3,037.42 |
| | Deferred Revenue on Customer Advances | 360.00 | 360.00 | 360.00 |
| | Financial Guarantee Obligation | 2,701.50 | 2,701.50 | 2,701.50 |
| | Advanced Rent Received | - | - | 950.46 |
| | Other Payables | 269.98 | 269.98 | 62.02 |
| | **TOTAL** | **43,367.53** | **20,120.21** | **9,399.08** |
| | | | | |
| **25** | **PROVISIONS - CURRENT** | | | |
| | Provision for Employee Benefits: | | | |
| | - Leave Encashment (Unfunded) (Refer Note 35) | 2,571.43 | 2,190.79 | 1,637.36 |
| | **TOTAL** | **2,571.43** | **2,190.79** | **1,637.36** |
| | | | | |
| **26** | **CURRENT TAX LIABILITIES (NET)** | | | |
| | Provision for Tax (Net of Advance Taxes, if any) | 1,464.50 | - | - |
| | **TOTAL** | **1,464.50** | **-** | **-** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|
| **27** | **REVENUE FROM OPERATIONS** | | |
| | Sale of Products (including Excise Duty) | 231,294.18 | 200,278.71 |
| | Other Operating Revenues | 7,052.59 | 3,596.20 |
| | **TOTAL** | **238,346.76** | **203,874.91** |
| | 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: | | |
| | | | |
| | Revenue from Operations (Sale of Products) | 231,294.18 | 200,278.71 |
| | Less: Excise Duty | (5,823.88) | (23,288.39) |
| | Revenue from Operations (Sale of Products) Excluding Excise Duty | **225,470.30** | **176,990.32** |
| | | | |
| **28** | **OTHER INCOME** | | |
| | Interest Income | 3,540.82 | 2,158.04 |
| | Insurance Claim | - | 253.15 |
| | Sundry Balances Written Back | 295.85 | - |
| | Foreign Currency Fluctuation Gain | - | 57.22 |
| | Excise Duty Variation on Opening / Closing Stock of Finished Goods | 1,120.60 | - |
| | Financial Guarantee Commission Income | 2,701.50 | 2,701.50 |
| | Lease Rent Income | 1,154.45 | 569.65 |
| | Other Non-Operating Income | 2,025.43 | 734.39 |
| | **TOTAL** | **10,838.66** | **6,473.96** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|---|
| **29** | **COST OF MATERIALS CONSUMED** | | | |
| | Opening Stock | | 338.45 | 1,832.18 |
| | Add: Purchases of Raw Materials | | 31,977.57 | 21,119.07 |
| | Less: Closing Stock | | (1,430.77) | (338.45) |
| | **TOTAL** | | **30,885.26** | **22,612.80** |
| | | | | |
| **30** | **CHANGES IN INVENTORY OF FINISHED GOODS & WORK-IN-PROGRESS** | | | |
| | Inventories At the End: | | | |
| | Finished Goods | | 3,720.40 | 10,025.19 |
| | Work-in-Progress | | 9,326.53 | 5,413.81 |
| | | **(A)** | **13,046.92** | **15,439.00** |
| | Inventories At the Beginning: | | | |
| | Finished Goods | | 10,025.19 | 4,335.60 |
| | Work-in-Progress | | 5,413.81 | 7,812.07 |
| | | **(B)** | **15,439.00** | **12,147.66** |
| | **TOTAL** | **(B)-(A)** | **2,392.08** | **(3,291.34)** |
| | | | | |
| **31** | **EMPLOYEE BENEFITS EXPENSE** | | | |
| | Salaries and Wages | | 65,243.35 | 58,510.36 |
| | Contribution to Provident and Other Funds (Refer Note 35) | | 2,738.43 | 2,921.54 |
| | Contribution to Gratuity Fund and Leave Encashment (Refer Note 35) | | 2,653.32 | 2,441.02 |
| | Staff Welfare Expenses | | 912.78 | 751.15 |
| | **TOTAL** | | **71,547.87** | **64,624.07** |
| | | | | |
| **32** | **FINANCE COSTS** | | | |
| | Interest Expenses | | 14,275.40 | 13,688.01 |
| | Other Borrowing Costs | | 571.71 | 73.74 |
| | **TOTAL** | | **14,847.12** | **13,761.74** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|
| 33 | **OTHER EXPENSES** | | |
| | Consumption of Stores & Spares, Consumables and Packing Materials etc. | 37,376.27 | 29,411.38 |
| | Power and Fuel | 52,577.90 | 43,512.65 |
| | Rates, Taxes and Water Charges | 1,018.98 | 897.87 |
| | Repairs and Maintenance: | | |
| | - Plant & Machinery | 1,541.76 | 1,332.63 |
| | - Building | 107.69 | 371.43 |
| | - Others | 227.91 | 82.77 |
| | Excise Duty Variation on Opening / Closing Stock of Finished Goods | - | 632.18 |
| | Insurance Charges | 657.02 | 187.36 |
| | Travelling Expenses | 2,160.20 | 2,506.05 |
| | Freight Charges | 8,131.21 | 4,239.08 |
| | Provision for Doubtful Debts / Bad Debts | 227.85 | 936.91 |
| | Job Work Chagres | - | 348.30 |
| | Foreign Currency Fluctuation Loss | 336.63 | - |
| | Loss by Flood | - | 848.96 |
| | Rent Paid | 876.76 | 869.88 |
| | Legal & Professional Fees | 4,991.25 | 3,371.47 |
| | Sundry Balances Written Off | 2,300.00 | 166.12 |
| | Miscellaneous Expenses | 4,627.09 | 3,928.87 |
| | Loss on Extinguishment of Liability | - | 65.71 |
| | Payments to the Auditor: | | |
| | - As Auditor | 225.00 | 55.43 |
| | - For Taxation Matters | 75.00 | - |
| | | 300.00 | 55.43 |
| | **TOTAL** | **117,458.52** | **93,765.03** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**34. CONTINGENT LIABILITIES AND COMMITMENTS**

(₹ in '000)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|
| **A. Contingent Liabilities** | | | |
| (a) Claims against the Company not acknowledged as debts (Excluding interest and penalty on the respective amount if any arrived upon the final outcome) | | | |
| 1. Sales Tax Liabilities<br>- on account of non receipt of "C" Forms | 3,947.89 | 6,112.84 | 5,552.40 |
| 2. TDS as per TRACES | 556.13 | 508.30 | 610.25 |
| 3. Income Tax - Assessment Years 1990-91, 1994-95 and 1995-96 Pending before Mumbai High Court | 2,329.86 | 2,329.86 | 2,329.86 |
| (b) Guarantees & Securities | | | |
| Corporate Guarantees given for Credit facilities taken by Group Companies | 166,600.00 | 189,030.00 | 190,800.00 |
| Outstanding Letters of Credit | 2,631.51 | - | - |
| **TOTAL** | **176,065.38** | **197,981.00** | **199,292.51** |
| **B. Commitments** | | | |
| 1. Estimated amount of contracts remaining to be executed on capital account and not provided for | | | |
| - Towards Property, Plant and Equipment | 4,208.43 | 4,460.20 | 6,992.19 |

**35 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.

The level of benefits provided depends on the member's length of service and salary at retirement age.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

I. Principal Actuarial Assumptions Used:

(₹ in ‘000)

| Particulars | Funded | Funded | Funded |
|---|---|---|---|
| | 2017-18 | 2016-17 | 2015-16 |
| Discount Rate (per annum) | 7.80% | 7.22% | 7.80% |
| Salary Escalation Rate | 10.00% | 10.00% | 10.00% |
| Rate of Employee Turnover | 5.00% | 5.00% | 5.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Expected Rate of Return on Plan Assets (per annum) | 7.80% | 7.22% | 7.80% |

II. Expenses Recognised in Statement of Profit and Loss

(₹ in ‘000)

| Particulars | Funded | Funded |
|---|---|---|
| | 2017-18 | 2016-17 |
| Current Service Cost | 992.55 | 839.10 |
| Net Interest Cost | 702.42 | 517.23 |
| Past Service Cost | 283.39 | - |
| Total Expenses / (Income) Recognised in the Statement of Profit and Loss | 1,978.35 | 1,356.33 |

The total expenses for the year are included in the ‘Employee Benefits Expense” line item in the Statement of Profit & Loss.

III. Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in ‘000)

| Particulars | Funded | Funded |
|---|---|---|
| | 2017-18 | 2016-17 |
| Actuarial (Gains)/Losses on Obligation - Due to Changes in Financial Assumptions | (592.71) | 585.65 |
| Actuarial (Gains)/Losses on Obligation - Due to Experience Adjustment | (998.16) | 1,386.63 |
| Return on Plan Assets, Excluding Interest Income | (33.11) | (26.21) |
| Net (Income)/Expense For the Year Recognized in OCI | (1,623.98) | 1,946.07 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

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

IV. Movements in the Present Value of Defined Benefit Obligation are as Follows:

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Present Value of Defined Benefit Obligation at the Beginning of the Year | 17,458.44 | 13,857.23 |
| Interest Cost | 1,260.50 | 1,080.86 |
| Current Service Cost | 992.55 | 839.10 |
| Past Service Cost | 283.39 | - |
| Benefit Paid Directly by the Employer | (434.75) | (204.79) |
| Benefit Paid Directly From the Fund | - | (86.24) |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to Changes in Financial Assumptions | (592.71) | 585.65 |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to Experience Adjustment | (998.16) | 1,386.63 |
| Defined Benefit Obligation at the End of the Year | 17,969.25 | 17,458.44 |

V. Amount Recognised in the Balance Sheet

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Present Value of Defined Benefit Obligation as at the End of the Year | (17,969.25) | (17,458.44) |
| Fair Value of Plan Assets at the end of the Year | 8,320.89 | 7,729.69 |
| Funded Status [Surplus/ (Deficit)] | (9,648.36) | (9,728.75) |
| Net Liability/(Asset) Recognised in the Balance Sheet | (9,648.36) | (9,728.75) |

VI. Maturity Analysis of the Benefit Payments: From the Fund

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| | From Fund | From Fund |
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 1,582.38 | 1,422.18 |
| 2nd Following Year | 1,236.86 | 1,038.50 |
| 3rd Following Year | 2,868.24 | 1,246.50 |
| 4th Following Year | 1,647.46 | 2,769.16 |
| 5th Following Year | 1,475.95 | 1,848.86 |
| Sum of Years 6 To 10 | 11,674.69 | 10,437.04 |
| Sum of Years 11 and above | 10,119.67 | 10,364.48 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

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

a) Interest Risk:- A decrease in the bond interest rate will increase the plan liability.

b) Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

c) Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

VII. Sensitivity Analysis

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Projected Benefits Payable in Future Years From the Date of Reporting | 17,969.25 | 17,458.44 |
| Impact of +1% Change in Rate of Discounting | (943.30) | (988.90) |
| Impact of -1% Change in Rate of Discounting | 1,044.94 | 1,095.84 |
| Impact of +1% Change in Rate of Salary Increase | 979.45 | 994.12 |
| Impact of -1% Change in Rate of Salary Increase | (919.13) | (928.76) |
| Impact of +1% Change in Rate of Employee Turnover | (120.20) | (139.71) |
| Impact of -1% Change in Rate of Employee Turnover | 130.15 | 150.70 |

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. 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 | 2017-18 | 2016-17 |
|---|---|---|
| Employer's contribution to Regional Provident Fund Office | 2,490.73 | 2,591.50 |
| Employer's contribution to Employees' State Insurance | 241.20 | 323.95 |
| Employer's contribution to Labour Welfare Fund | 6.49 | 6.08 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**C. Leave Obligations**

The leave obligations cover the Company's liability for earned leave. The amount of the provision of ₹ 2571.43 ('000) [31st March, 2017 ₹ 2190.79('000)] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Total Expenses / (Income) Recognised in the Statement of Profit and Loss | 674.97 | 1,084.69 |

**36 INFORMATION IN ACCORDANCE WITH THE REQUIREMENTS OF Ind AS 24 ON RELATED PARTY DISCLOSURES**

**A LIST OF RELATED PARTIES**

(i) Subsidiary Companies:

MMG India Private Limited (MMG - I)

MagDev Limited (MagDev UK)

(ii) Step Down Subsidiaries:

Pilamec Limited (Pilamec UK)

(iii) Key Management Personnel's (KMP):

Mr. Jaydev Mody (JM) - Chairman

Mr. Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director

Mr. Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. 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

Ms. Snehal Oak (SO) - Company Secretary

(iv) Relatives of KMP:

Mrs. Zia Mody (ZM) - Wife of the Chairman

(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)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

## B DETAILS OF TRANSACTIONS CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

| Particulars | Subsidiaries | | KMP | | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Remuneration Paid** | | | | | | | | |
| A S | - | - | 5,052.46 | 4,199.55 | - | - | 5,052.46 | 4,199.55 |
| S O | - | - | 426.23 | 608.04 | - | - | 426.23 | 608.04 |
| **Sub Total** | - | - | 5,478.69 | 4,807.59 | - | - | 5,478.69 | 4,807.59 |
| **Director Sitting Fees** | | | | | | | | |
| JM | - | - | 8.00 | 4.00 | - | - | 8.00 | 4.00 |
| AK | - | - | 8.00 | 4.00 | - | - | 8.00 | 4.00 |
| DK | - | - | 10.00 | 8.00 | - | - | 10.00 | 8.00 |
| JT | - | - | 18.00 | 8.00 | - | - | 18.00 | 8.00 |
| RJ | - | - | 14.00 | 16.00 | - | - | 14.00 | 16.00 |
| SC | - | - | 6.00 | 8.00 | - | - | 6.00 | 8.00 |
| VU | - | - | 14.00 | 16.00 | - | - | 14.00 | 16.00 |
| **Sub Total** | - | - | 78.00 | 64.00 | - | - | 78.00 | 64.00 |
| **Sale of Goods** | | | | | | | | |
| M M G – I | 1,613.92 | - | - | - | - | - | 1,613.92 | - |
| **Sub Total** | 1,613.92 | - | - | - | - | - | 1,613.92 | - |
| **Job Work Purchase** | | | | | | | | |
| M M G – I | - | 348.30 | - | - | - | - | - | 348.30 |
| **Sub Total** | - | 348.30 | - | - | - | - | - | 348.30 |
| **Rent Paid** | | | | | | | | |
| A A A H T | - | - | - | - | 576.00 | 576.00 | 576.00 | 576.00 |
| **Sub Total** | - | - | - | - | 576.00 | 576.00 | 576.00 | 576.00 |
| **Rent Received** | | | | | | | | |
| M M G – I | 1,154.45 | - | - | - | | - | 1,154.45 | - |
| **Sub Total** | 1,154.45 | - | - | - | - | - | 1,154.45 | - |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | Subsidiaries | | KMP | | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **ICD Given(Net)** | | | | | | | | |
| M M G – I | 18,016.00 | 11,955.25 | - | - | - | - | 18,016.00 | 11,955.25 |
| **Sub Total** | 18,016.00 | 11,955.25 | - | - | - | - | 18,016.00 | 11,955.25 |
| **Interest Received on ICD Given** | | | | | | | | |
| M M G – I | 2,797.62 | 1,767.48 | - | - | - | - | 2,797.62 | 1,767.48 |
| **Sub Total** | 2,797.62 | 1,767.48 | - | - | - | - | 2,797.62 | 1,767.48 |
| **Interest Expenses** | | | | | | | | |
| A A M P L | - | - | - | - | 54.00 | 92.76 | 54.00 | 92.76 |
| A D M P L | - | - | - | - | 45.74 | - | 45.74 | - |
| **Sub Total** | - | - | - | - | 99.74 | 92.76 | 99.74 | 92.76 |
| **Deposit Repaid** | | | | | | | | |
| M M G – I | - | 6,612.00 | - | - | - | - | - | 6,612.00 |
| **Sub Total** | - | 6,612.00 | - | - | - | - | - | 6,612.00 |
| **Professional Fees Paid** | | | | | | | | |
| A Z B | - | - | - | - | 200.00 | - | 200.00 | - |
| F R L | - | - | - | - | 42.82 | 35.99 | 42.82 | 35.99 |
| **Sub Total** | - | - | - | - | 242.82 | 35.99 | 242.82 | 35.99 |
| **Loan Taken** | | | | | | | | |
| A D M P L | - | - | - | - | 3,500.00 | - | 3,500.00 | - |
| **Sub Total** | - | - | - | - | 3,500.00 | - | 3,500.00 | - |
| **Corporate Guarantee/ Security Reversal** | | | | | | | | |
| M M G – I | 22,430.00 | 1,770.00 | - | - | - | - | 22,430.00 | 1,770.00 |
| **Sub Total** | 22,430.00 | 1,770.00 | - | - | - | - | 22,430.00 | 1,770.00 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31ST MARCH, 2018

### B DETAILS OF TRANSACTIONS CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

| Particulars | Subsidiaries | | | KMP | | | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31.03.2018 | 31.03.2017 | 01.04.2016 | 31.03.2018 | 31.03.2017 | 01.04.2016 | 31.03.2018 | 31.03.2017 | 01.04.2016 | 31.03.2018 | 31.03.2017 | 01.04.2016 |
| **Outstanding as at 31st March** | | | | | | | | | | | | |
| Trade Receivables | | | | | | | | | | | | |
| M M G – I | 404.89 | - | 5,967.82 | - | - | - | - | - | - | 404.89 | - | 5,967.82 |
| **Sub Total** | 404.89 | - | 5,967.82 | - | - | - | - | - | - | 404.89 | - | 5,967.82 |
| **Other Receivables** | | | | | | | | | | | | |
| M M G – I | - | 30.27 | 3,382.22 | - | - | - | - | - | - | - | 30.27 | 3,382.22 |
| **Sub Total** | - | 30.27 | 3,382.22 | - | - | - | - | - | - | - | 30.27 | 3,382.22 |
| **Loan Payable** | | | | | | | | | | | | |
| A A M P L | - | - | - | - | - | - | 7,600.00 | 7,600.00 | 7,600.00 | 7,600.00 | 7,600.00 | 7,600.00 |
| A D M P L | - | - | - | - | - | - | 46,500.00 | 43,000.00 | 43,000.00 | 46,500.00 | 43,000.00 | 43,000.00 |
| A T C P L | - | - | - | - | - | - | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 |
| **Sub Total** | - | - | - | - | - | - | 97,100.00 | 93,600.00 | 93,600.00 | 97,100.00 | 93,600.00 | 93,600.00 |
| **Trade Payables** | | | | | | | | | | | | |
| A Z B | - | - | - | - | - | - | 180.00 | - | - | 180.00 | - | - |
| F R L | - | - | - | - | - | - | 9.21 | 37.26 | 18.98 | 9.21 | 37.26 | 18.98 |
| A A A H T | - | - | - | - | - | - | 2,965.71 | 2,350.11 | 1,754.38 | 2,965.71 | 2,350.11 | 1,754.38 |
| M M G – I | - | 341.33 | - | - | - | - | - | - | - | - | 341.33 | - |
| **Sub Total** | - | 341.33 | - | - | - | - | 3,154.91 | 2,387.36 | 1,773.36 | 3,154.91 | 2,728.69 | 1,773.36 |
| **ICD Given** | | | | | | | | | | | | |
| M M G – I | 44,341.25 | 26,325.25 | 14,370.00 | - | - | | - | - | | 44,341.25 | 26,325.25 | 14,370.00 |
| **Sub Total** | 44,341.25 | 26,325.25 | 14,370.00 | - | - | | - | - | | 44,341.25 | 26,325.25 | 14,370.00 |
| **Interest Receivable** | | | | | | | | | | | | |
| M M G – I | 5,180.12 | 2,662.26 | 1,071.53 | - | - | | - | - | | 5,180.12 | 2,662.26 | 1,071.53 |
| **Sub Total** | 5,180.12 | 2,662.26 | 1,071.53 | - | - | | - | - | | 5,180.12 | 2,662.26 | 1,071.53 |
| **Interest Payable** | | | | | | | | | | | | |
| A A M P L | - | - | - | - | - | - | 132.08 | 83.48 | - | 132.08 | 83.48 | - |
| A D M P L | - | - | - | - | - | - | 41.17 | - | - | 41.17 | - | - |
| **Sub Total** | - | - | - | - | - | - | 173.25 | 83.48 | - | 173.25 | 83.48 | - |
| **Corporate Guarantee/ Security Given** | | | | | | | | | | | | |
| M M G – I | 166,600.00 | 189,030.00 | 190,800.00 | - | - | - | - | - | - | 166,600.00 | 189,030.00 | 190,800.00 |
| **Sub Total** | 166,600.00 | 189,030.00 | 190,800.00 | - | - | - | - | - | - | 166,600.00 | 189,030.00 | 190,800.00 |
| **Deposit** | | | | | | | | | | | | |
| M M G – I | - | - | 6,612.00 | - | - | - | - | - | - | - | - | 6,612.00 |
| **Sub Total** | - | - | 6,612.00 | - | - | - | - | - | - | - | - | 6,612.00 |
| **Remuneration Payable** | | | | | | | | | | | | |
| A S | - | - | - | 311.15 | 178.82 | 152.39 | - | - | - | 311.15 | 178.82 | 152.39 |
| S O | - | - | - | 30.35 | - | 50.06 | - | - | - | 30.35 | - | 50.06 |
| **Sub Total** | - | - | - | 341.50 | 178.82 | 202.45 | - | - | - | 341.50 | 178.82 | 202.45 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 37 EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Profit / (Loss) After Tax [₹ in '000] | 584.86 | (12,587.33) |
| Weighted Average Number of Equity Shares used as Denominator for Calculating Basic Earnings per share (Nos.) | 6,471,014 | 6,471,014 |
| Earnings Per Share - Basic (₹) | 0.09 | (1.95) |

## 38 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.

## 39 MAT CREDIT ENTITLEMENT

MAT Credit Entitlement of ₹ 1,839.31 (‘000) [Previous Year ₹ Nil] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

## 40 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. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Trade Receivables:**

a) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

(₹ in ‘000)

| Particulars | 0 - 180 Days | More than 180 Days | Total |
|---|---|---|---|
| As at 31 March 2018 | 52,433.88 | 1,530.84 | 53,964.72 |
| As at 31 March 2017 | 43,915.83 | 8,557.18 | 52,473.01 |
| As at 1 April 2016 | 49,365.82 | 6,740.09 | 56,105.91 |

b) Movement in provisions of doubtful debts

(₹ in ‘000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Opening Provision | 1,787.95 | 851.04 |
| Add:- Additional Provision Made | 227.85 | 936.91 |
| Less:- Amount Written Off | (474.91) | - |
| Less:- Provision Reversed | - | - |
| Closing Provisions | 1,540.90 | 1,787.95 |

## 41 CAPITAL RISK MANAGEMENT

a) 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 23 offset by cash and bank balances) 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

The capital components of the Company are as given below:

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 | April 01, 2016 |
|---|---|---|---|
| **Total Equity** | 64,710.14 | 64,710.14 | 64,710.14 |
| Current Borrowings | 55,582.93 | 41,112.13 | 34,026.69 |
| Non Current Borrowings | 62,493.13 | 54,746.50 | 48,560.14 |
| Current Maturities of Non Current Borrowings | - | - | - |
| Total Debt | 118,076.06 | 95,858.63 | 82,586.83 |
| Cash and Cash Equivalents | 329.49 | 233.54 | 983.50 |
| Other Bank Balances | 1,787.74 | 270.26 | 160.57 |
| Net Debt | 115,958.83 | 95,354.83 | 81,442.76 |
| **Debt Equity Ratio** | **1.79** | **1.47** | **1.26** |

## 42 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.

(₹ in '000)

| Maturities of Financial Liabilities | March 31, 2018 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| 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 | - | - |
| | **167,538.03** | **105,044.90** | **62,493.13** | **-** |

(₹ in '000)

| Maturities of Financial Liabilities | March 31, 2017 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| Borrowings | 95,858.63 | 41,112.13 | 54,746.50 | - |
| Trade Payables | 38,156.10 | 38,156.10 | - | - |
| Other Financial Liabilities | 7,795.67 | 7,795.67 | - | - |
| | **141,810.41** | **87,063.91** | **54,746.50** | **-** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Maturities of Financial Liabilities | April 1, 2016 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| Borrowings | 82,586.83 | 34,026.69 | 48,560.14 | - |
| Trade Payables | 27,702.23 | 27,702.23 | - | - |
| Other Financial Liabilities | 12,751.36 | 12,751.36 | - | - |
| | **123,040.42** | **74,480.28** | **48,560.14** | **-** |

## 43 INTEREST RATE RISK & SENSITIVITY ANALYSIS

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.

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% |
| As at 31 March 2018 | 118,076.06 | 1% | (1,180.76) | 1,180.76 |
| As at 31 March 2017 | 95,858.63 | 1% | (958.59) | 958.59 |
| As at 1 April 2016 | 82,586.83 | 1% | (825.87) | 825.87 |

## 44 OTHER PRICE RISKS

The Company is not significantly exposed to equity price risks / other price risks.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 45 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 | Currency Name | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | In Foreign Currency | (₹ in '000) | In Foreign Currency | (₹ in '000) | In Foreign Currency | (₹ in '000) |
| **Trade Payables** | | | | | | | |
| - Not Hedged | USD | 16,635.75 | 1,081.63 | 17,036.00 | 1,104.56 | 8,896.00 | 590.06 |
| - Not Hedged | EURO | - | - | 16,344.00 | 1,131.78 | 14,640.00 | 1,099.40 |
| Contingent Liability (Corporate Guarantee) | | | | | | | |
| - Not Hedged | USD | - | - | 763,016.00 | 49,472.89 | 1,055,084.00 | 69,986.75 |
| Total Liabilities | | **16,635.75** | **1,081.63** | **796,396.00** | **51,709.23** | **1,078,620.00** | **71,676.21** |

Of the above, the Company is mainly exposed to USD and 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.

(₹ in '000)

| Currencies | Increase/Decrease | Total Assets | Total Liabilities | Impact on Profit for the year before tax |
|---|---|---|---|---|
| USD | Increase by 5% | - | 1,081.63 | (54.08) |
| USD | Decrease by 5% | - | 1,081.63 | 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 31ST MARCH, 2018**

## 46 TAX EXPENSES

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **a) Amount Recognised in the Statement of Profit or Loss** | | |
| **Income tax** | | |
| In respect of the current year | 1,839.31 | - |
| Adjustments for Current Tax of Prior Periods | - | - |
| In respect of prior years | - | - |
| | **1,839.31** | **-** |
| **Deferred tax** | | |
| In respect of Current year | (2,436.36) | 315.41 |
| In respect of MAT Credit Entitlement | (1,839.31) | - |
| Total income tax expense for the year | **(2,436.36)** | **315.41** |
| **b) Amount recognised in other comprehensive income** | | |
| **Deferred tax** | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Remeasurement of defined benefit obligation | (422.24) | 601.34 |
| Total income tax recognised in other comprehensive income | **(422.24)** | **601.34** |

**c) The income tax expense for the year can be reconciled to the accounting profit as follows:**

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Profit before tax after Exceptional Items | (1,851.50) | (12,271.92) |
| Applicable Tax Rate (%) | 19.24 | 30.90 |
| Income Tax Expense Calculated at Applicable Tax Rate | (356.23) | (3,792.02) |
| Effect of not recognition of deferred tax asset on accumulated tax losses | 356.23 | 3,792.02 |
| Tax Impact on Ind AS Transition Effect Adjustments | 1,839.31 | - |
| Current Tax Provision (A) | 1,839.31 | - |
| Incremental Deferred Tax Liability on Account of Tangible and Intangible Assets | (422.24) | 2,412.39 |
| Reversal of Deferred Tax Liability on Account of Interest Free Loan | (2,014.12) | (2,096.99) |
| MAT Credit Entitlement | (1,839.31) | - |
| Deferred Tax Provision (B) | (4,275.67) | 315.41 |
| Tax Expenses Recognised in Statement of Profit and Loss (A+B) | (2,436.36) | 315.41 |
| Effective Tax Rate (%) | 131.59 | (2.57) |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**d) Deferred tax balances**

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Deferred Tax Assets (Net) | - | - | - |
| MAT Credit Entitlement | 1,839.31 | - | - |
| Deferred Tax Liabilities (Net) | (11,380.74) | (13,394.87) | (13,680.80) |
| | (9,541.43) | (13,394.87) | (13,680.80) |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

**e) Movement of tax expense during the year 2017-18**

(₹ in '000)

| Particulars | Opening Balance | Recognised in Statement of Profit or Loss | Recognised in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | |
| Expenses Deductible on Payment Basis | 601.34 | - | (422.24) | 179.10 |
| Interest Free Loans to Subsidiary | (11,820.33) | 2,014.12 | - | (9,806.21) |
| Unabsorbed Business Losses and Unabsorbed Depreciation | 4,821.00 | - | - | 4,821.00 |
| Property, Plant and Equipments | (6,996.87) | 422.24 | | (6,574.64) |
| Minimum Alternate Taxes | - | 1,839.31 | - | 1,839.31 |
| **TOTAL** | **(13,394.87)** | **4,275.67** | **(422.24)** | **(9,541.43)** |

f) **Movement of tax expense during the year 2016-17**

(₹ in '000)

| Particulars | Opening Balance | Recognised in Statement of Profit or Loss | Recognised in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | |
| Expenses Deductible on Payment Basis | - | - | 601.34 | 601.34 |
| Interest Free Loans to Subsidiary | (13,917.32) | 2,096.99 | - | (11,820.33) |
| Unabsorbed Business Losses and Unabsorbed Depreciation | 4,821.00 | - | - | 4,821.00 |
| Property, Plant and Equipments | (4,584.48) | (2,412.39) | | (6,996.87) |
| **TOTAL** | **(13,680.80)** | **(315.41)** | **601.34** | **(13,394.87)** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

g) **Movement of MAT Credit Entitlement During the Year Ended 31st March, 2018 and 31st March, 2017**

(₹ in '000)

| Particulars | Opening Balance | Recognised in Statement of Profit or Loss | Utilised During the Year | Closing Balance |
|---|---|---|---|---|
| Financial Year 2017-18 | - | 1,839.31 | - | 1,839.31 |
| Financial Year 2016-17 | - | - | - | - |

## 47 FAIR VALUE DISCLOSURES

**a) Categories of Financial Instruments:**

(₹ in '000)

| Particulars | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial Assets | | | | | | | | | |
| Investments | - | - | 156,055.46 | - | - | 156,055.46 | - | - | 156,055.46 |
| Other Financial Assets - Non Current | - | - | 4,503.17 | - | - | 6,064.97 | - | - | 5,442.67 |
| Trade Receivables | - | - | 53,964.72 | - | - | 52,473.01 | - | - | 56,105.91 |
| Cash and Cash Equivalents | - | - | 329.49 | - | - | 233.54 | - | - | 983.50 |
| Other Bank Balances | - | - | 1,787.74 | - | - | 270.26 | - | - | 160.57 |
| Loans | - | - | 44,620.75 | - | - | 26,582.54 | - | - | 14,699.00 |
| Other Financial Assets - Current | - | - | 6,056.14 | - | - | 3,246.11 | - | - | 4,923.92 |
| | **-** | **-** | **267,317.48** | **-** | **-** | **244,925.90** | **-** | **-** | **238,371.03** |
| Financial Liabilities | | | | | | | | | |
| Borrowings - Non Current | - | - | 62,493.13 | - | - | 54,746.50 | - | - | 48,560.14 |
| Other Financial Liabilities - Non Current | - | - | - | - | - | - | - | - | 5,579.53 |
| Borrowings- Current | - | - | 55,582.93 | - | - | 41,112.13 | - | - | 34,026.69 |
| Trade Payables | - | - | 41,114.10 | - | - | 38,156.10 | - | - | 27,702.23 |
| Other Financial Liabilities - Current | - | - | 8,347.87 | - | - | 7,795.67 | - | - | 7,171.82 |
| | **-** | **-** | **167,538.03** | **-** | **-** | **141,810.41** | **-** | **-** | **123,040.42** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**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.

**48 FIRST TIME ADOPTION OF IND AS**

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has prepared the its opening balance sheet as per Ind AS as at April 01, 2016 ("transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

In preparing these financial statements, the Company has availed optional exemptions and mandatory exceptions in accordance with Ind AS 101 as explained below:

(a) Past Business Combinations

The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date.

(b) Deemed Cost for Property, Plant and Equipment and Intangible Assets

While measuring the property, plant and equipment in accordance with Ind AS, the Company has elected to measure certain items of property, plant and equipment at the date of transition to Ind AS at its fair value and used that fair value as its deemed cost at transition date.

The Company has elected to continue with the carrying value of all of its intangible assets recognised as at transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(c) Estimates

The Company's estimates in accordance with Ind ASs at the transition date are in consistent with estimates made for the same date in accordance with previous GAAP after adjustments to reflect any difference in accounting policies.

(d) Investments in Subsidiaries

The Company has elected to continue with the carrying value of its investments in subsidiaries recognised as at transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st April, 2016 and as at 31st March, 2017.

II. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017.

III. Adjustments to Statement of Cash Flows for the Year Ended 31st March, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Reconciliation of the Balance Sheet as at 31st March, 2017 and 1st April, 2016:**

(₹ in '000')

| Particulars | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|
| | Previous GAAP* | Effect of Transition to Ind AS | Ind AS | Previous GAAP* | Effect of Transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | |
| **1. Non-Current Assets** | | | | | | |
| a) Property, Plant and Equipments | 179,742.94 | 27,788.17 | 207,531.11 | 173,090.41 | 30,438.34 | 203,528.75 |
| b) Capital Work-in-Progress | 3,576.43 | - | 3,576.43 | 3,892.07 | - | 3,892.07 |
| c) Intangible Asset Under Development | 21.00 | (21.00) | | 21.00 | (21.00) | - |
| d) Financial Assets | | | | | | |
| (i) Investments | 139,794.65 | 16,260.81 | 156,055.46 | 139,794.65 | 16,260.81 | 156,055.46 |
| (ii) Other Financial Assets | 6,064.97 | - | 6,064.97 | 5,442.67 | - | 5,442.67 |
| e) Non-Current Tax Assets (Net) | 2,954.03 | - | 2,954.03 | 2,736.13 | - | 2,736.13 |
| f) Deferred Tax Assets (Net) | 3,009.94 | (3,009.94) | | 4,821.00 | (4,821.00) | - |
| g) Other Non-Current Assets | 1,624.85 | | 1,624.85 | 453.43 | - | 453.43 |
| **Total Non-Current Assets** | **336,788.82** | **41,018.04** | **377,806.86** | **330,251.36** | **41,857.15** | **372,108.51** |
| | | | | | | |
| **2. Current Assets** | | | | | | |
| a) Inventories | 21,352.51 | - | 21,352.51 | 18,661.86 | - | 18,661.86 |
| b) Financial Assets | | | | | | |
| (i) Trade Receivables | 52,473.01 | - | 52,473.01 | 56,105.91 | - | 56,105.91 |
| (ii) Cash and Cash Equivalents | 233.54 | - | 233.54 | 983.50 | - | 983.50 |
| (iii) Bank Balances Other Than (ii) Above | 270.26 | - | 270.26 | 160.57 | - | 160.57 |
| (iv) Loans | 26,582.54 | - | 26,582.54 | 14,699.00 | - | 14,699.00 |
| (v) Other Financial Assets | 3,246.11 | - | 3,246.11 | 4,923.92 | - | 4,923.92 |
| c) Other Current Assets | 5,589.90 | - | 5,589.90 | 4,048.78 | - | 4,048.78 |
| **Total Current Assets** | **109,747.88** | **-** | **109,747.88** | **99,583.54** | **-** | **99,583.54** |
| **Total Assets** | **446,536.70** | **41,018.04** | **487,554.74** | **429,834.90** | **41,857.15** | **471,692.05** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2018

**Reconciliation of the Balance Sheet as at 31st March, 2017 and 1st April, 2016:**

(₹ in '000')

| Particulars | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|
| | Previous GAAP* | Effect of Transition to Ind AS | Ind AS | Previous GAAP* | Effect of Transition to Ind AS | Ind AS |
| **EQUITY AND LIABILITIES** | | | | | | |
| **1 Equity** | | | | | | |
| a) Equity Share Capital | 64,710.14 | - | 64,710.14 | 64,710.14 | - | 64,710.14 |
| b) Other Equity | 172,744.01 | 56,056.66 | 228,800.67 | 182,316.74 | 60,416.00 | 242,732.74 |
| **Total Non-Current Assets** | **237,454.15** | **56,056.66** | **293,510.81** | **247,026.88** | **60,416.00** | **307,442.88** |
| **2 Non-Current Liabilities** | | | | | | |
| a) Financial Liabilities | | | | | | |
| i) Borrowings | 93,600.00 | (38,853.50) | 54,746.50 | 93,600.00 | (45,039.86) | 48,560.14 |
| ii) Other Financial Liabilities | - | - | - | 6,612.00 | (1,032.47) | 5,579.53 |
| b) Deferred Tax Liabilities (Net) | - | 13,394.87 | 13,394.87 | (0.00) | 13,680.80 | 13,680.80 |
| c) Provisions | 9,728.75 | - | 9,728.75 | 6,631.13 | - | 6,631.13 |
| d) Other Non-Current Liabilities | - | 6,798.89 | 6,798.89 | - | 9,860.39 | 9,860.39 |
| **Total Non-Current Assets** | **103,328.75** | **(18,659.74)** | **84,669.01** | **106,843.13** | **(22,531.14)** | **84,311.99** |
| **3 Current liabilities** | | | | | | |
| a) Financial Liabilities | | | | | | |
| (i) Borrowings | 40,512.13 | 600.00 | 41,112.13 | 34,026.69 | - | 34,026.69 |
| (ii) Trade Payables | 38,156.10 | - | 38,156.10 | 27,702.23 | - | 27,702.23 |
| (iii) Other Financial Liabilities | 7,795.67 | - | 7,795.67 | 7,171.82 | - | 7,171.82 |
| b) Other Current Liabilities | 17,099.09 | 3,021.12 | 20,120.21 | 5,426.79 | 3,972.29 | 9,399.08 |
| c) Provisions | 2,190.79 | - | 2,190.79 | 1,637.36 | - | 1,637.36 |
| **Total Current Liabilities** | **105,753.79** | **3,621.12** | **109,374.91** | **75,964.89** | **3,972.29** | **79,937.18** |
| **TOTAL EQUITY AND LIABILITIES** | **446,536.70** | **41,018.04** | **487,554.74** | **429,834.90** | **41,857.15** | **471,692.05** |

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Effect of Ind AS Adoption on the Statement of Profit and Loss for the Year Ended 31 March, 2017:**

(₹ in '000)

| Particulars | Previous GAAP | Effect of Transition to Ind AS | Ind AS |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from Operations | 180,226.51 | 23,648.39 | 203,874.91 |
| Other Income | 3,202.10 | 3,271.86 | 6,473.96 |
| **TOTAL REVENUE** | 183,428.61 | 26,920.25 | 210,348.87 |
| **EXPENSES:** | | | |
| Cost of Materials Consumed | 22,612.80 | - | 22,612.80 |
| Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade | (3,291.34) | - | (3,291.34) |
| Excise Duty | - | 23,288.39 | 23,288.39 |
| Employee Benefit Expenses | 66,570.15 | (1,946.07) | 64,624.07 |
| Finance Costs | 6,389.43 | 7,372.31 | 13,761.74 |
| Depreciation and Amortisation Expense | 5,209.92 | 2,650.17 | 7,860.09 |
| Other Expenses (including ₹ 85,270/- of prior period items in previous GAAP) | 93,699.32 | 65.71 | 93,765.03 |
| **TOTAL EXPENSES** | 191,190.28 | 31,430.51 | 222,620.79 |
| **Profit / (Loss) Before Tax** | (7,761.67) | (4,510.25) | (12,271.92) |
| Tax Expenses | | | |
| - Current Tax | - | - | - |
| - Deferred Tax | 1,811.06 | (1,495.65) | 315.41 |
| **Total Tax Expenses** | 1,811.06 | (1,495.65) | 315.41 |
| **Profit / (Loss) After Tax** | (9,572.72) | (3,014.60) | (12,587.33) |
| **Other Comprehensive Income**** | | | |
| a) Items that will not be reclassified into profit or loss | | | |
| - Remeasurements of the defined benefit obligations | - | (1,946.07) | (1,946.07) |
| b) Income tax relating to items that will not be reclassified into profit or loss | - | 601.34 | 601.34 |
| Total Other Comprehensive Income | - | (1,344.74) | (1,344.74) |
| **Total Comprehensive Income / (Loss) for the Year** | **(9,572.72)** | **(4,359.34)** | **(13,932.06)** |

** Under the Previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Reconciliations between Previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliation from previous GAAP to Ind AS.

### I. Reconciliation of equity as at March 31, 2017 and April 1, 2016

(₹ in '000)

| | | Notes | 31-Mar-17 | 01-Apr-16 |
|---|---|---|---|---|
| Equity as per Previous GAAP | (A) | | 237,454.15 | 247,026.88 |
| Nature of Adjustments: | | | | |
| Use of Fair Value of Property, Plant and Equipment as Deemed Cost | | A | 26,528.17 | 28,818.34 |
| Measurement of interest free loans availed by the Company | | B | 38,253.50 | 45,039.86 |
| Income on Financial Guarantee Contracts Issued by the Company | | C | 7,660.42 | 4,958.92 |
| Other Ind AS Adjustments | | E | 19.38 | 100.68 |
| Tax Impact of the Above Adjustments | | | (16,404.81) | (18,501.80) |
| **Total effect of transition to Ind AS** | **(B)** | | **56,056.66** | **60,416.00** |
| **Equity as per Ind AS** | **( A + B )** | | **293,510.81** | **307,442.88** |

### II. Reconciliation of Total Comprehensive Income for the Year Ended March 31, 2017

(₹ in '000)

| | Notes | Year ended March 31, 2017 |
|---|---|---|
| Net Profit as per Previous GAAP | | (9,572.72) |
| Nature of Adjustments: | | |
| Use of Fair Value of Property, Plant and Equipment as Deemed Cost - Impact on Depreciation | A | (2,290.17) |
| Measurement of Interest Free Loans Availed by the Company | B | (6,786.36) |
| Income on Financial Guarantee Contracts Issued by the Company | C | 2,701.50 |
| Remeasurement of Defined Benefit Obligation - Recognised in Other Comprehensive Income | D | 1,946.07 |
| Other Ind AS Adjustments | E | (81.30) |
| Tax Effects of Above Adjustments | | 1,495.65 |
| Total effect of transition to Ind AS | | (3,014.60) |
| **Net Profit as per Ind AS** | | **(12,587.33)** |
| Other Comprehensive Income (Net of Tax) | D | (1,344.74) |
| **Total Comprehensive Income /(Loss) as per Ind AS** | | **(13,932.06)** |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

Footnotes:

A In accordance with Ind AS 101, the Company has elected to measure certain items of property, plant and equipment at fair value as at transition date. This fair values are considered as deemed cost. All other assets are measured in accordance with Ind AS 16. This resulted in increase in deemed cost of land held under finance lease by ₹ 28,818.34('000). Depreciation expenses has been provided accordingly over the balance useful life.

B The Company has received long term interest free loans from its promoters. Under Ind AS, the such loans availed are measured at fair value at the date of transaction. The difference of loan amount received and its fair value is directly taken to equity as 'deemed equity contribution'. Subsequently, these loans are measured at amortised cost by charging interest expenses using effective interest method.

C Under Ind AS the financial guarantees given on behalf of loans availed by subsidiaries are measured at fair value on the date on giving the guarantee and subsequently unwound over the period of guarantee given by way of income over the period of guarantee. Under previous GAAP, there was no accounting of financial guarantees given.

D Under Ind AS, actuarial gains or losses on remeasurement of defined benefit obligation is recognised in other comprehensive income (including its tax effect) which was recognised in statement of profit and loss under previous GAAP.

E Other adjustments includes discounting of interest free rental deposits, reversal of foreign exchange fluctuation on foreign currency advances considered as non monetary items and derecognition of intangible assets which does not satisfy recognition criteria under Ind AS.

**III. Effect of Ind AS adoption on the Statement of Cash Flow for the year ended 31st March, 2017**

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2017 as compared with the Previous GAAP.

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO

**Snehal Oak**
Company Secretary
ACS No. 23112

Mumbai: 18th May, 2018

# INDEPENDENT AUDITORS' REPORT

**To the Members of Delta Magnets Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of Delta Magnets Limited ('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 March 31, 2018, 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 significant accounting policies and other explanatory information.

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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph , the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the consolidated state of affairs (financial position) of the Group as at March 31, 2018, and its consolidated loss (financial performance including other comprehensive income), its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

**Other Matters**

We did not audit the consolidated financial statements/consolidated financial information of one foreign subsidiary which reflect total assets of ₹ 237,554.58 ('000) as at March 31, 2018, total revenues of ₹ 299,024.82 ('000) and net cash inflow amounting to ₹ 11,500.79 ('000) for the year then ended on that date, as considered in the consolidated financial statements. These consolidated financial statements and consolidated financial information of one foreign subsidiary has been reviewed / audited by other auditors and their reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors.

**Emphasis of Matter**

We draw attention to Note No. 37 to the consolidated financial statements with regard to MAT Credit Entitlement of ₹ 4,707.31 ('000), which is based on the judgment of the management.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors;

c. the consolidated financial statements dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial Statements comply with the Ind AS specified under Section 133 of the Act;

e. on the basis of 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 other statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiaries companies incorporated in India. Our report express and unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein;

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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note No. 33 to the consolidated financial statements;

   (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

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

**(Amit N. Desai)**
Partner
Membership No.: 032926

Mumbai: May 18, 2018

# ANNEXURE A
# TO THE INDEPENDENT AUDITOR'S REPORT

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

**Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of Delta Magnets Limited ("the Holding Company" or "the Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary company incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective Companies 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 respective companies 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 subsidiary company incorporated in India 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary company incorporated in India, in terms of their report is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company incorporated in India.

**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 Consolidated 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 Consolidated 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 and based on the consideration of report of other auditors on separate financial statements of the subsidiary company incorporated in India, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

**(Amit N. Desai)**
Partner
Membership No.: 032926

Mumbai: May 18, 2018

# CONSOLIDATED BALANCE SHEET
## AS AT 31ST MARCH, 2018

(₹ in '000)

| Particulars | Note No. | As At 31st March, 2018 | As At 31st March, 2017 | As At 31st March, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| (a) Property, Plant and Equipments | 3 | 421,190.88 | 418,774.50 | 433,039.94 |
| (b) Intangible Assets | 4 | 1,248.45 | 361.02 | 304.99 |
| (c) Capital Work In Progress | | 1,377.61 | 4,582.81 | 5,649.83 |
| (d) Goodwill (on Consolidation) | 4 | 33,804.06 | 33,804.06 | 17,452.41 |
| (e) Financial Assets | | | | |
| Other Financial Assets | 5 | 5,213.42 | 8,819.95 | 8,239.20 |
| (f) Non Current Tax Assets (Net) | 6 | 4,690.62 | 5,135.00 | 4,734.44 |
| (g) Other Non-Current Assets | 7 | 3,218.61 | 1,624.85 | 453.43 |
| **Total Non - Current Assets** | | **470,743.65** | **473,102.19** | **469,874.24** |
| **Current Assets** | | | | |
| (a) Inventories | 8 | 123,123.06 | 125,200.52 | 102,460.07 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 9 | 196,002.07 | 158,260.99 | 152,208.40 |
| (ii) Cash and Cash Equivalents | 10 | 34,374.60 | 21,778.78 | 38,648.28 |
| (iii) Bank Balances Other Than (ii) Above | 11 | 4,022.72 | 13,008.75 | 14,634.69 |
| (iv) Other Financial Assets | 12 | 1,678.76 | 1,789.56 | 1,677.71 |
| (c) Other Current Assets | 13 | 69,804.43 | 27,125.83 | 20,683.14 |
| (d) Assets Classified as Held For Sale | 14 | 23,640.54 | 23,640.54 | - |
| **Total Current Assets** | | **452,646.18** | **370,804.96** | **330,312.30** |
| **Total Assets** | | **923,389.83** | **843,907.15** | **800,186.54** |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| (a) Equity Share Capital | 15 | 64,710.14 | 64,710.14 | 64,710.14 |
| (b) Other Equity | 16 | 183,802.98 | 216,130.12 | 262,461.33 |
| **Total Equity** | | **248,513.12** | **280,840.26** | **327,171.47** |
| **Liabilities** | | | | |
| **Non-Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| Borrowings | 17 | 163,253.95 | 147,543.61 | 164,735.97 |
| (b) Deferred Tax Liabilities (Net) | 43 | 8,083.29 | 6,969.69 | 5,781.85 |
| (c) Provisions | 18 | 13,483.83 | 13,131.20 | 9,350.57 |
| (d) Other Non-Current Liabilities | 19 | 540.00 | 900.00 | 1,260.00 |
| **Total Non-Current Liabilities** | | **185,361.07** | **168,544.50** | **181,128.38** |
| **Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 20 | 246,031.93 | 199,434.60 | 152,159.23 |
| (ii) Trade Payables | 21 | 104,427.86 | 104,560.50 | 89,746.47 |
| (iii) Other Financial Liabilities | 22 | 70,776.22 | 43,523.66 | 30,038.72 |
| (b) Other Current Liabilities | 23 | 62,101.58 | 43,212.54 | 16,595.39 |
| (c) Provisions | 24 | 4,713.56 | 3,791.10 | 3,346.89 |
| (d) Current Tax Liabilities (Net) | 25 | 1,464.50 | - | - |
| **Total Current Liabilities** | | **489,515.64** | **394,522.39** | **291,886.69** |
| **Total Equity and Liabilities** | | **923,389.83** | **843,907.15** | **800,186.54** |

The accompanying significant accounting policies and notes are an integral part of these consolidated financial statements.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in '000)

| Particulars | Note No. | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from Operations | 26 | 726,014.30 | 639,169.75 |
| Other Income | 27 | 8,679.81 | 3,916.67 |
| **Total Revenue** | | **734,694.11** | **643,086.42** |
| | | | |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 28 | 118,458.34 | 79,545.00 |
| Purchases of Stock-in-Trade | | 135,917.53 | 142,932.84 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade | 29 | 11,576.89 | (7,955.44) |
| Excise Duty | 26 | 9,479.57 | 35,405.99 |
| Employee Benefits Expense | 30 | 183,958.61 | 173,555.25 |
| Finance Costs | 31 | 48,346.79 | 39,457.05 |
| Depreciation and Amortisation Expense | 3 & 4 | 22,173.52 | 21,548.47 |
| Other Expenses | 32 | 232,416.70 | 196,409.90 |
| **Total Expenses** | | **762,327.95** | **680,899.08** |
| Profit / (Loss) Before Exceptional Items and Tax | | (27,633.83) | (37,812.66) |
| Exceptional Items | | - | - |
| Profit / (Loss) Before Tax | | (27,633.83) | (37,812.66) |
| Tax Expenses | 43 | | |
| - Current Tax | | 4,335.08 | 4,851.52 |
| - Deferred Tax | | 611.14 | 890.65 |
| **Total Tax Expenses** | | **4,946.22** | **5,742.18** |
| **Profit / (Loss) for the Year** | | **(32,580.05)** | **(43,554.84)** |
| **Other Comprehensive Income** | | | |
| i) Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurements of the Defined Benefit Obligations | | 1,849.14 | (2,396.13) |
| ii) Income Tax relating to above items | 43 | (480.78) | 740.40 |
| iii) Items that will be reclassified to profit or loss | | | |
| (a) Foreign Currency Translation Reserve | | (1,115.46) | (1,478.19) |
| **Other Comprehensive Income** | | **252.91** | **(3,133.91)** |
| **Total comprehensive Income for the Year** | | **(32,327.14)** | **(46,688.75)** |
| Earnings Per Equity Share (Nominal Value of ₹ 10/- Each) | | | |
| - Basic and Diluted Earnings Per Share | 36 | (5.03) | (6.73) |

The accompanying significant accounting policies and notes are an integral part of these consolidated financial statements.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**FOR THE YEAR ENDED 31ST MARCH, 2018**

## A. EQUITY SHARE CAPITAL

(₹ in '000)

| Particulars | |
|---|---|
| **As at April 1, 2016** | **64,710.14** |
| Changes in Equity Share Capital | - |
| **As at March 31, 2017** | **64,710.14** |
| Changes in Equity Share Capital | - |
| **As at March 31, 2018** | **64,710.14** |

## B. OTHER EQUITY

(₹ in '000)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income - Foreign Currency Translation Reserve | Total Other Equity |
|---|---|---|---|---|---|
| | Securities Premium Reserve | Retained Earnings | Deemed Equity Contribution | | |
| Balance As At April 1, 2016 | 107,025.24 | 80,599.18 | 74,836.91 | - | 262,461.33 |
| Additions During the Year | - | - | - | - | - |
| Profit / (Loss) for the Year | - | (43,554.84) | - | - | (43,554.84) |
| Other Comprehensive Income / (Loss) for the Year | - | (1,655.72) | - | (1,478.19) | (3,133.91) |
| Prior Year Capital Expenditure Reversed | - | 357.54 | - | - | 357.54 |
| Deletions During the Year | - | | - | - | - |
| **Balance As At March 31, 2017** | **107,025.24** | **35,746.16** | **74,836.91** | **(1,478.19)** | **216,130.12** |
| **Balance As At April 1, 2017** | 107,025.24 | 35,746.16 | 74,836.91 | (1,478.19) | 216,130.12 |
| Additions During the Year | - | - | - | - | - |
| Profit / (Loss) for the Year | - | (32,580.05) | - | - | (32,580.05) |
| Other Comprehensive Income / (Loss) for the Year | - | 1,368.37 | - | (1,115.46) | 252.91 |
| Deletions During the Year | - | - | - | - | - |
| **Balance As At March 31, 2018** | **107,025.24** | **4,534.48** | **74,836.91** | **(2,593.64)** | **183,802.98** |

The accompanying significant accounting policies and notes are an integral part of these consolidated financial statements.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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

**Darius Khambatta**
Director
DIN:00520338

**Javed Tapia**
Director
DIN:00056420

**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# CONSOLIDATED CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Particulars | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Profit / (Loss) Before Tax** | **(27,633.83)** | **(37,812.66)** |
| **Adjustments For:** | | |
| Interest Income | (1,247.08) | (1,710.44) |
| Foreign Currency Fluctuation (Gain) / Loss | (2,848.35) | - |
| Sundry Balances Written Back / (Written Off) | 1,998.59 | (204.51) |
| Excise Duty on Finished Goods | 1,622.49 | (545.54) |
| Provision for Employee Benefits | 3,947.19 | 3,180.61 |
| Finance Costs | 48,346.79 | 39,457.05 |
| Provision for Doubtful Debts | 1,346.97 | 1,130.43 |
| Depreciation and Amortisation Expense | 22,173.52 | 21,548.47 |
| Capital Expenditure Adjusted in Reserves | - | 357.54 |
| Foreign Currency Translation Reserve | (1,115.46) | (1,478.19) |
| Actuarial (Gain) / Loss on Gratuity | 1,849.14 | (2,396.13) |
| **Operating Profit / (Loss) Before Working Capital Changes** | 48,439.97 | 21,526.64 |
| **Adjustments For:** | | |
| (Change in Operating Assets and Liabilities) | | |
| Employee Benefits | (2,672.09) | 1,044.23 |
| Other Non-Current Liabilities | (360.00) | (360.00) |
| Trade Payables | 717.12 | 15,018.54 |
| Other Financial Liabilities | 1,636.87 | (1,237.52) |
| Other Current Liabilities | 18,889.03 | 26,617.16 |
| Other Current Assets | (42,678.60) | (6,442.68) |
| Other Financial Assets | (22.57) | 19.50 |
| Trade Receivables | (39,088.06) | (7,183.02) |
| Inventories | 454.97 | (22,194.90) |
| Other Financial Assets | 3,606.53 | (580.74) |
| **Cash Generated From / (Used in) Operations** | (11,076.83) | 26,227.20 |
| Less: Income Taxes Paid (Net) | (2,404.52) | (4,214.49) |
| **Net Cash Flow From / (Used in) Operating Activities** | **(13,481.34)** | **22,012.71** |

# CONSOLIDATED CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Particulars | Year Ended 31st March, 2018 | Year Ended 31st March, 2017 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for Property, Plant and Equipment (including Capital Work-in-Progress and Capital Advances) | (30,639.52) | (28,175.10) |
| Proceeds from Disposals of Property, Plant and Equipment | 3,323.62 | 2,020.65 |
| Interest Income | 1,380.44 | 1,579.09 |
| Acquisition of Subsidiary | - | (16,351.65) |
| Movement in Cash and Bank Balances Which are Not Considered as Cash and Cash Equivalents | 8,986.03 | 1,625.94 |
| **Net Cash Flow From / (Used in) Investing Activities** | **(16,949.43)** | **(39,301.07)** |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net Proceeds of Borrowings - Non Current | 35,048.10 | (13,413.44) |
| Net Proceeds of Borrowings - Current | 46,597.33 | 47,275.37 |
| Finance Costs | (38,618.83) | (33,358.68) |
| **Net Cash From / (Used in) Financing Activities** | **43,026.60** | **503.24** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | **12,595.82** | **(16,785.11)** |
| Cash and Cash Equivalents at the Beginning of the Year | 21,778.78 | 38,563.89 |
| **Cash and Cash Equivalents at the End of the Year** | **34,374.60** | **21,778.78** |
| Cash and Cash Equivalent Includes (Refer Note No.10) | | |
| In Book Overdraft Accounts (Refer Note No.22) | | |

Notes:

1) 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.

2) Figures in bracket indicate cash outflow.

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

**Amit N. Desai**
Partner
Membership No. 032926

Mumbai: 18th May, 2018

For and on behalf of the Board of Directors

**Jaydev Mody**
Chairman
DIN:00234797

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Director
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**Samir Chinai**
Director
DIN:00112601

**Rajesh Jaggi**
Director
DIN:00046853

**Abhilash Sunny**
CFO
Mumbai: 18th May, 2018

**Snehal Oak**
Company Secretary
ACS No. 23112

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31ST MARCH, 2018

**1. COMPANY OVERVIEW**

Delta Magnets Limited ("the Company") is a Company incorporated on 23rd September, 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).

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation of Consolidated Financial Statements**

(i) Statement of compliance with indian accounting standards (Ind AS)

The consolidated financial statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (hereafter referred to as the "Ind AS") as notified under Section 133 of the Companies Act, 2013("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given under Note 48.

The date transition to Ind AS is April 01, 2016. The financial statements as at and for the year ended 31st March 2018 (including Comparatives) were approved and authorised by the Company's Board of Directors as on 18th May 2018.

These financial statements for the year ended 31st March 2018 are the first financial year with comparatives, prepared under Ind AS. The adoption was carried out in accordance with Ind AS 101, First Time adoption of Indian Accounting Standards.

(ii) Historical cost convention

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting 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. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April 2016 being the date of transition.

(iii) Rounding of amounts

All the amounts disclosed in the financial statements and notes are presented in Indian Rupees have rounded off to the nearest thousands as per requirement of Schedule III, unless otherwise states. The amount '0' denotes amount less than Rupees Ten.

(iv) Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(b) 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:

i 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.

ii 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.

iii 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 31st March.

iii 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.

iv 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.

v Non controlling interests in the net assets of subsidiaries consists of:

(i) The amount of equity attributable to the minorities at the date on which investment in subsidiary is made and;

(ii) The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence.

vi 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(c) 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.

**(d) Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

**(e) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the year in which results are known /materialised. Any revision to an accounting estimate is recognised prospectively in the year of revision.

**(f) Revenue recognition**

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue.

Sale of products:

Revenue from sale of products is recognised when the Company transfers all significant risks and rewards of ownership to the buyer, while the Company retains neither continuing managerial involvement nor effective control over the products sold.

Rendering of services:

Revenue from services is recognised when the stage of completion can be measured reliably. Stage of completion is measured by the services performed till Balance Sheet date as a percentage of total services contracted.

Interest income:

Interest income is recognised using effective interest method.

Dividend income:

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

**(g) Property, plant and equipment**

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other nonrefundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any.

Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of items of property, plant and equipment is mentioned below:

| Category of Asset | Years |
|---|---|
| Factory Building | 30 |
| Carpeted Roads - Other Than RCC | 5 |
| General - Plant and Machinery | 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 |

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

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.

**(h) Intangible Assets**

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The estimated useful life of intangible assets is mentioned below:

| Category of Asset | Years |
|---|---|
| Computer Software | 5 |

The amortization period and the amortization method for an intangible asset with finite useful life is 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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(i) Impairment**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

**(j) Inventory**

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing materials, stock-in trade, stores, spares, components and consumables, FIFO method is used.

Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

**(k) Foreign Currency Translation**

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

**(l) Income Taxes**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current 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.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective group 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.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

**(m) Provisions And Contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**(n) Lease Accounting**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

(i) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(ii) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(o) Borrowing Cost**

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

**(p) 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.

**(q) 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.

**Financial Assets**

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

(i) Financial assets measured at amortized cost

(ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

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

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 45 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

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

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies, if any (Refer Note 45 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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 cash shortfalls), discounted at the original effective interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

**Financial Liabilities**

Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (Refer Note 45 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

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 between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

**(r) Fair value**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**(s) Employee Benefits**

**Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**Post-Employment Benefits:**

I. Defined Contribution Plans:

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund etc.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

II. Defined Benefit Plans:

The Company also provides for retirement/post-retirement benefits in the form of gratuity.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave are recognized when they accrue to employees. The Company determines the liability for such accumulated leaves using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

**(t) Earnings Per Share**

**Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the Financial Year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period.

**Diluted Earnings per Share**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**(u) 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.

**(v) Cash and Cash Equivalents**

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

**(w) Recent Accounting Pronouncements**

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board(IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

a. Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standards can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Company, the impact of application of the Standard is not expected to be material.

b. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The appendix clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment of receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the Appendix on the financial statements, as assessed by the Company, is expected to be not material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

## 3 PROPERTY, PLANT AND EQUIPMENT

(₹ in '000)

| Particulars | Freehold Land | Leasehold Land | Buildings | Plant and Machineries | Furniture and Fixtures | Equipments | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Amount (Cost / Deemed Cost)** | | | | | | | | | |
| Deemend Cost As At April 1, 2016 | 37,032.83 | 143,376.34 | 113,445.97 | 710,023.74 | 12,144.37 | 10,007.64 | 2,854.38 | 16,156.64 | 1,045,041.90 |
| Additions | - | - | 1,778.91 | 22,104.49 | 210.80 | 352.17 | - | 4,041.96 | 28,488.34 |
| Additions on account of Business Combination | - | - | - | 12,037.41 | 1,690.89 | - | 458.34 | 461.67 | 14,648.31 |
| Disposals / Adjustments | - | - | - | (475.44) | - | (1.49) | - | (544.63) | (1,021.57) |
| Transfer to Assets Held For Sale | (10,945.43) | - | (28,181.40) | - | - | - | - | - | (39,126.83) |
| Balance As At March 31, 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 |
| **Accumulated Depreciation** | | | | | | | | | |
| Balance As At April 1, 2016 | - | 178.84 | 39,714.45 | 543,073.90 | 10,396.69 | 4,720.94 | 1,438.74 | 12,478.40 | 612,001.96 |
| Additions on account of Business Combination | - | - | - | 10,273.46 | 1,632.77 | - | - | 437.41 | 12,343.63 |
| Charge for the Year | - | 2,295.64 | 2,689.14 | 12,749.22 | 290.41 | 616.75 | 239.57 | 2,514.69 | 21,395.42 |
| Reverse Charge on Disposals | - | - | - | (475.44) | - | - | - | (523.63) | (999.08) |
| Transfer to Assets Held For Sale | - | - | (15,486.29) | - | - | - | - | - | (15,486.29) |
| Balance as at March 31, 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 |
| **Net Carrying Amount As At April 1, 2016** | **37,032.83** | **143,197.50** | **73,731.52** | **166,949.84** | **1,747.67** | **5,286.70** | **1,415.64** | **3,678.24** | **433,039.94** |
| **Net Carrying Amount As At March 31, 2017** | **26,087.40** | **140,901.86** | **60,126.19** | **178,069.07** | **1,726.18** | **5,020.63** | **1,634.40** | **5,208.77** | **418,774.50** |
| | | | | | | | | | |
| **Gross Carrying Amount (Cost / Deemed Cost)** | | | | | | | | | |
| Deemed Cost As At April 1, 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 | - | - | 4,007.66 | 22,729.64 | 280.28 | 47.85 | - | 626.12 | 27,691.56 |
| Disposals / Adjustments | - | - | - | (3,776.00) | (41.39) | - | - | 21.00 | (3,796.39) |
| Balance As At March 31, 2018 | 26,087.40 | 143,376.34 | 91,051.15 | 762,643.84 | 14,284.95 | 10,406.16 | 3,312.71 | 20,762.76 | 1,071,925.31 |
| **Accumulated Depreciation** | | | | | | | | | |
| Balance As At April 1, 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 |
| Charge 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 Disposals | - | - | - | (472.78) | - | - | - | - | (472.78) |
| Balance As At March 31, 2018 | - | 4,770.11 | 28,617.05 | 579,519.33 | 12,635.19 | 5,953.71 | 1,943.61 | 17,295.43 | 650,734.44 |
| **Net Carrying Amount As At April 1, 2017** | **26,087.40** | **140,901.86** | **60,126.19** | **178,069.07** | **1,726.18** | **5,020.63** | **1,634.40** | **5,208.77** | **418,774.50** |
| **Net Carrying Amount As At March 31, 2018** | **26,087.40** | **138,606.23** | **62,434.10** | **183,124.51** | **1,649.76** | **4,452.46** | **1,369.10** | **3,467.34** | **421,190.88** |

Refer Note No. 17 and 20 for assets mortgaged or pledged as security against borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 4 INTANGIBLE ASSETS

(₹ in '000)

| Particulars | Computer Software | Total | Goodwill (on Consolidation) Refer Note (i) Below |
|---|---|---|---|
| **Gross Carrying Amount (Cost / Deemed Cost)** | | | |
| As at 1st April, 2016 | 1,578.89 | 1,578.89 | 17,452.41 |
| Additions | 209.09 | 209.09 | 16,351.65 |
| Disposals / Adjustments | - | - | - |
| **As at 31st March, 2017** | **1,787.98** | **1,787.98** | **33,804.06** |
| Additions | 1,109.38 | 1,109.38 | - |
| Disposals / Adjustments | - | - | - |
| **As at 31st March, 2018** | **2,897.37** | **2,897.37** | **33,804.06** |
| **Accumulated Depreciation** | | | |
| As at 1st April, 2016 | 1,273.90 | 1,273.90 | - |
| Charge for the Year | 153.06 | 153.06 | - |
| Reverse Charge on Disposals | - | - | - |
| **As at 31st March, 2017** | **1,426.96** | **1,426.96** | **-** |
| Charge for the Year | 221.96 | 221.96 | - |
| Reverse Charge on Disposals | - | - | - |
| **As at 31st March, 2018** | **1,648.92** | **1,648.92** | **-** |
| **Net Block** | | | |
| **As at 1st April, 2016** | **304.99** | **304.99** | **17,452.41** |
| As at 31st March, 2017 | 361.02 | 361.02 | 33,804.06 |
| **As at 31st March, 2018** | **1,248.45** | **1,248.45** | **33,804.06** |

Note:

(i) 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 31st March, 2018 and 2017 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 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 5 | **OTHER FINANCIAL ASSETS - NON CURRENT** | | | |
| | Unsecured, Considered Good | | | |
| | Security Deposits | 5,213.42 | 8,819.95 | 8,239.20 |
| | **TOTAL** | **5,213.42** | **8,819.95** | **8,239.20** |
| | | | | |
| 6 | **NON CURRENT TAX ASSETS** | | | |
| | Income Tax Receivables | 4,690.62 | 5,135.00 | 4,734.44 |
| | **TOTAL** | **4,690.62** | **5,135.00** | **4,734.44** |
| | | | | |
| 7 | **OTHER NON CURRENT ASSETS** | | | |
| | Unsecured, Considered Good | | | |
| | Capital Advances | 3,218.61 | 1,624.85 | 453.43 |
| | **TOTAL** | **3,218.61** | **1,624.85** | **453.43** |
| | | | | |
| 8 | **INVENTORIES** | | | |
| | Raw Materials | 25,083.57 | 19,226.82 | 9,850.84 |
| | Work-In-Progress | 15,805.68 | 10,031.02 | 12,798.70 |
| | Finished Goods | 25,672.13 | 34,713.02 | 29,803.14 |
| | Stock-in-Trade | 41,121.07 | 49,431.73 | 43,618.50 |
| | Stores and Spares, Consumables and Loose Tools etc. | 15,440.60 | 11,797.93 | 6,388.90 |
| | **TOTAL** | **123,123.06** | **125,200.52** | **102,460.07** |
| | | | | |
| 9 | **TRADE RECEIVABLES** | | | |
| | Unsecured, Considered Good | 196,002.07 | 158,260.99 | 152,208.40 |
| | Unsecured, Considered Doubtful | 2,740.56 | 2,128.34 | 2,243.53 |
| | Less: Provision for Doubtful Debts | (2,740.56) | (2,128.34) | (2,243.53) |
| | **TOTAL** | **196,002.07** | **158,260.99** | **152,208.40** |
| | | | | |
| 10 | **CASH AND CASH EQUIVALENTS** | | | |
| | Cash on Hand | 112.22 | 339.80 | 241.77 |
| | Balances with Banks in Current Accounts | 34,262.38 | 21,438.98 | 37,873.61 |
| | Deposits with Banks having Maturity Less Than 3 Months | - | - | 532.91 |
| | **TOTAL** | **34,374.60** | **21,778.78** | **38,648.28** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 11 | **BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS** | | | |
| | Deposits with Banks Having Maturity More Than 3 Months But Less Than 12 Months* | 4,022.72 | 13,008.75 | 14,634.69 |
| | **TOTAL** | **4,022.72** | **13,008.75** | **14,634.69** |
| | *Fixed Deposits have been pledged against borrowing from a bank or lien marked against bank guarantee. | | | |
| 12 | **OTHER FINANCIAL ASSETS - CURRENT** | | | |
| | Deposit with Others | 604.75 | 462.15 | 269.85 |
| | Accrued Interest Receivable | 725.13 | 858.50 | 727.15 |
| | Receivables from Employees | 69.39 | 412.24 | 667.36 |
| | Other Receivables | 279.50 | 56.68 | 13.36 |
| | **TOTAL** | **1,678.76** | **1,789.56** | **1,677.71** |
| 13 | **OTHER CURRENT ASSETS** | | | |
| | Balance with Statutory / Government Authorities | 56,656.61 | 22,464.98 | 13,541.77 |
| | Advance to Suppliers | 6,986.64 | 790.41 | 3,317.86 |
| | Prepaid Expenses | 6,161.17 | 3,870.43 | 3,823.51 |
| | **TOTAL** | **69,804.43** | **27,125.83** | **20,683.14** |
| 14 | **ASSETS CLASSIFIED AS HELD FOR SALE** | | | |
| | Immovable Property Situated at Chennai | 23,640.54 | 23,640.54 | - |
| | **TOTAL** | **23,640.54** | **23,640.54** | **-** |

| | Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 |
| 15 | **EQUITY SHARE CAPITAL** | | | | | | |
| | Authorised: | | | | | | |
| | Equity Shares of ₹10/- each | 10,000,000 | 100,000.00 | 10,000,000 | 100,000.00 | 10,000,000 | 100,000.00 |
| | Issued, Subscribed and Fully Paid-up: | | | | | | |
| | Equity Shares of ₹10/- each, fully paid-up | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |
| | **TOTAL** | **6,471,014** | **64,710.14** | **6,471,014** | **64,710.14** | **6,471,014** | **64,710.14** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Terms & Rights attached to Equity Shares**

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

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 | No. of Shares | Rs. In '000 |
| Balance at the Beginning of the Year | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |
| Issued During the Year | - | - | - | - | - | - |
| Brought Back During the Year | - | - | - | - | - | - |
| Balance at the End of the Year | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 | 6,471,014 | 64,710.14 |

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Aryanish Finance and Investments Private Limited * | 1,001,570 | 15.48 | 1,006,570 | 15.56 | 1,006,570 | 15.56 |
| Bayside Property Developers Private Limited * | 997,751 | 15.42 | 997,751 | 15.42 | 1,007,751 | 15.57 |
| Delta Real Estate Consultancy Private Limited * | 1,010,977 | 15.62 | 1,015,977 | 15.70 | 1,015,977 | 15.70 |
| SSI Trading Private Limited | 1,615,153 | 24.96 | 1,615,153 | 24.96 | 1,615,153 | 24.96 |

**Note:**

*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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **16** | **OTHER EQUITY** | | | |
| | **Securities Premium Reserve** | | | |
| | Opening Balance | 107,025.24 | 107,025.24 | |
| | (+) During the Year | - | - | |
| | (-) During the Year | - | - | |
| | Closing Balance | 107,025.24 | 107,025.24 | 107,025.24 |
| | | | | |
| | **Retained Earnings** | | | |
| | Opening Balance | 34,267.98 | 80,599.18 | |
| | (+) Net Profit / (Loss) During the Year | (32,580.05) | (43,554.84) | |
| | (+) / (-) Other Comprehensive Income / (Loss) During the Year | 252.91 | (3,133.91) | |
| | (+) Prior Year Capital Expenditure Reversed | - | 357.54 | |
| | Closing Balance | 1,940.83 | 34,267.98 | 80,599.18 |
| | | | | |
| | **Deemed Equity Contribution** | | | |
| | Opening Balance | 74,836.91 | 74,836.91 | |
| | (+) During the Year | - | - | |
| | (-) During the Year | - | - | |
| | Closing Balance | 74,836.91 | 74,836.91 | 74,836.91 |
| | **TOTAL** | **183,802.98** | **216,130.12** | **262,461.33** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 17 | **BORROWINGS - NON-CURRENT** | | | |
| | Secured Borrowings: | | | |
| | - From Bank 1 | 36,255.84 | 34,580.76 | 43,813.34 |
| | (Term Loan of £540K @ Interest 3.8% over base rate, Repayment terms are 23 quarterly installments of £12,279.45 which covers loan and interest, last installment is due on March 2021. Security offered First Charge on Entire Building in Swindon, United Kingdom) | | | |
| | - From Bank 2 | 64,303.04 | 57,761.16 | 71,672.77 |
| | [Outstanding balance as at Balance sheet date carry interest @ 14.05% p.a. (Floating) is repayable in further 39 months as per ballooning repayment schedule at monthly rests. For details of securities refer note 17 (a)] | | | |
| | - From Financial Institutions | 201.94 | 455.18 | 689.72 |
| | (Outstanding Balance as at Balance sheet date carry floating interest @10.25% p.a., repayable in further 33 months at monthly rests. Further, it is secured against hypothecation of Motor Vehicle) | | | |
| | Unsecured Borroiwngs: | | | |
| | - From Others | | | |
| | Loans from Related Parties (Interest-Free) | 62,493.13 | 54,746.50 | 48,560.14 |
| | **TOTAL** | **163,253.95** | **147,543.61** | **164,735.97** |

Note

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **18** | **PROVISIONS - NON CURRENT** | | | |
| | Provision for Employee Benefits | | | |
| | Gratuity (Funded) (Refer Note 34) | 13,483.83 | 13,131.20 | 9,350.57 |
| | **TOTAL** | **13,483.83** | **13,131.20** | **9,350.57** |
| | | | | |
| **19** | **OTHER NON CURRENT LIABILITIES** | | | |
| | Deferred Revenue on Customer Advances | 540.00 | 900.00 | 1,260.00 |
| | **TOTAL** | **540.00** | **900.00** | **1,260.00** |
| | | | | |
| **20** | **BORROWINGS - CURRENT** | | | |
| | Secured Borrowing: | | | |
| | Bank 1 - Cash Credit | 51,482.93 | 40,512.13 | 34,026.68 |
| | (Repayable on demand & carries floating interest @11.40% p.a. payable at monthly rests. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.) | | | |
| | Bank 2 - Cash Credit | 39,949.00 | 30,849.58 | 16,945.79 |
| | [Repayable on demand & carries floating interest @11.40% p.a. For details of securities refer note 17 (a)] | | | |
| | Buyer's Credit Facility | - | 49,472.89 | 69,986.75 |
| | (Various buyer credits are repayable within one year from the date of credit facility and carries interest @ LIBOR + variable BPS. For details of securities refer note 18 (a)] | | | |
| | Unsecured Borroiwngs: | | | |
| | - From Others | | | |
| | - Loans from Related Parties | 154,600.00 | 78,600.00 | 31,200.00 |
| | **TOTAL** | 246,031.93 | 199,434.60 | 152,159.23 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 21 | **TRADE PAYABLES** | | | |
| | - Micro, Small and Medium Enterprises | - | 6,365.21 | - |
| | - Others | 104,427.86 | 98,195.28 | 89,746.47 |
| | **TOTAL** | **104,427.86** | **104,560.50** | **89,746.47** |
| | Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. The Company has sent letters to suppliers to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 as well as whether they have filed required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalisation of Balance Sheet. Based on the confirmations received, if any, the details of outstandings are as under: | | | |
| | The principal amount remaining unpaid at the end of the year | - | 6,365.21 | - |
| | The Interest amount remaining unpaid at the end of the year | - | 269.98 | - |
| | 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 | - | 269.98 | - |
| | 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 | - | 269.98 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| 22 | **OTHER FINANCIAL LIABILITIES - CURRENT** | | | |
| | Current Maturities of long term Borrowings | 36,903.00 | 17,565.23 | 13,786.32 |
| | Interest Accrued & Due on Borrowings | 17,962.44 | 6,092.88 | 1,698.55 |
| | Interest Accrued But Not Due on Borrowings | 907.01 | 3,048.61 | 1,344.57 |
| | Payable to Employees | 9,918.39 | 8,321.75 | 9,026.39 |
| | Payable Against Capital Assets | 1,915.97 | 5,365.99 | 436.44 |
| | Book Overdraft | - | - | 84.39 |
| | Other Payables | 3,169.41 | 3,129.19 | 3,662.06 |
| | **TOTAL** | **70,776.22** | **43,523.66** | **30,038.72** |
| | | | | |
| 23 | **OTHER CURRENT LIABILITIES** | | | |
| | Duties & Taxes | 55,918.97 | 34,539.65 | 11,463.51 |
| | Advance Received from Customers | 5,822.60 | 8,312.89 | 4,771.88 |
| | Deferred Revenue on Customer Advances | 360.00 | 360.00 | 360.00 |
| | **TOTAL** | **62,101.58** | **43,212.54** | **16,595.39** |
| | | | | |
| 24 | **PROVISIONS - CURRENT** | | | |
| | Provision for Employee Benefits: | | | |
| | Leave Encashment (Unfunded) (Refer Note 34) | 4,713.56 | 3,791.10 | 3,346.89 |
| | **TOTAL** | **4,713.56** | **3,791.10** | **3,346.89** |
| | | | | |
| 25 | **CURRENT TAX LIABILITIES (NET)** | | | |
| | Income Tax Provisions (Net of Advance Taxes, if any) | 1,464.50 | - | - |
| | **TOTAL** | 1,464.50 | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|
| **26** | **REVENUE FROM OPERATIONS** | | |
| | Sale of Products (including excise duty) | 717,658.20 | 630,949.84 |
| | Sale of Services | 1,303.51 | 4,623.72 |
| | Other Operating Revenues | 7,052.59 | 3,596.20 |
| | **TOTAL** | **726,014.30** | **639,169.75** |
| | 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: | | |
| | | | |
| | Revenue from Operations (Sale of Products) | 717,658.20 | 630,949.84 |
| | Less: Excise Duty | (9,479.57) | (35,405.99) |
| | Revenue from Operations (Sale of Products) Excluding Excise Duty | **708,178.64** | **595,543.84** |
| | | | |
| **27** | **OTHER INCOME** | | |
| | Interest Income | 1,247.08 | 1,710.44 |
| | Exchange Rate Fluctuation Gain | 3,361.72 | - |
| | Sundry Balances Written Back | 301.41 | 370.63 |
| | Excess Provision Written Back | - | 237.75 |
| | Insurance Claim Received | - | 253.15 |
| | Excise Duty Variation on Opening / Closing Stock of Finished Goods | 1,120.60 | - |
| | Miscellaneous Income | 2,649.00 | 1,344.70 |
| | **TOTAL** | **8,679.81** | **3,916.67** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|---|
| **28** | **COST OF MATERIALS CONSUMED** | | | |
| | Opening Stocks | | 19,226.82 | 9,850.84 |
| | Add: Purchases | | 124,315.10 | 88,920.99 |
| | | | 143,541.91 | 98,771.82 |
| | Less: Closing Stocks | | (25,083.57) | (19,226.82) |
| | **TOTAL** | | **118,458.34** | **79,545.00** |
| | | | | |
| **29** | **CHANGES IN INVENTORY OF FINISHED GOODS & WORK-IN-PROGRESS** | | | |
| | Stocks At the End: | | | |
| | 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 |
| | | **(A)** | **82,598.88** | **94,175.77** |
| | Stocks At the Beginning: | | | |
| | Finished Goods | | 34,713.02 | 29,803.14 |
| | Stock-in-Trade | | 49,431.73 | 43,618.50 |
| | Work-in-Progress | | 10,031.02 | 12,798.70 |
| | | **(B)** | **94,175.77** | **86,220.34** |
| | **TOTAL** | **(B)-(A)** | **11,576.89** | **(7,955.44)** |
| | | | | |
| **30** | **EMPLOYEE BENEFITS EXPENSE** | | | |
| | Salaries and Wages | | 165,519.39 | 156,053.48 |
| | Contribution to Provident and Other Funds (Refer Note 34) | | 11,866.82 | 11,897.90 |
| | Contribution to Gratuity Fund and Leave Encashment (Refer Note 34) | | 3,947.19 | 3,180.61 |
| | Staff Welfare Expenses | | 2,625.21 | 2,423.25 |
| | **TOTAL** | | **183,958.61** | **173,555.25** |
| | | | | |
| **31** | **FINANCE COSTS** | | | |
| | Interest Expenses | | 45,989.31 | 36,616.83 |
| | Other Borrowing Costs | | 2,357.48 | 2,840.22 |
| | **TOTAL** | | **48,346.79** | **39,457.05** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|---|
| **32** | **OTHER EXPENSES** | | |
| | Consumption of Stores, Spares, Consumables, Packing Materials etc. | 69,656.89 | 51,334.69 |
| | Job Work Charges | 1,891.32 | 2,914.74 |
| | Power and Fuel | 76,705.91 | 68,390.20 |
| | Rates, Taxes and Water Charges | 7,470.50 | 6,568.57 |
| | Repairs and Maintenance: | | |
| | - Plant & Machinery | 5,921.04 | 4,170.66 |
| | - Building | 652.84 | 975.56 |
| | - Others | 2,420.08 | 1,676.20 |
| | Excise Duty Variation on Opening / Closing Stock of Finished Goods | (2743.09) | 545.54 |
| | Insurance Charges | 4,247.95 | 2,766.46 |
| | Travelling & Conveyance Expenses | 11,056.69 | 12,521.96 |
| | Freight, Vehicle & Distribution Charges | 13,137.98 | 9,063.82 |
| | Provision for Doubtful Debts | 1,346.97 | 1,130.43 |
| | Advertisement, Publicity and Selling expenses | 6,663.58 | 5,236.22 |
| | Loss by Natural Calamity | - | 848.96 |
| | Exchange Rate Fluctuation Loss | 513.37 | - |
| | Lease Rent | 2,795.26 | 3,088.52 |
| | Sundry Balance Written Off | 2,300.00 | 166.12 |
| | Miscellaneous Expenses | 18,213.90 | 16,097.81 |
| | Payment to Auditors: | | |
| | - For Audit Fees | 2,533.22 | 3,204.57 |
| | - For Taxation Matters | 75.00 | - |
| | - For Company Law Matters | 0.58 | - |
| | - For Reimbursement of Expenses | - | - |
| | | 2,608.79 | 3,204.57 |
| | Legal & Professional Fees | 7,556.73 | 5,708.87 |
| | **TOTAL** | **232,416.70** | **196,409.90** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 33. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in '000)

| Particulars | | As at March 31, 2018 | As at March 31, 2017 | As at April 01, 2016 |
|---|---|---|---|---|
| **A.** | **Contingent Liabilities** | | | |
| (a) | Claims against the Company not acknowledged as debts (Excluding interest and penalty on the respective amount if any arrived upon the final outcome) | | | |
| 1. | Sales Tax Liabilities - on account of non receipt of "C" Forms | 5,004.03 | 9,950.82 | 10,740.22 |
| 2. | TDS as per TRACES | 1,931.65 | 1,869.41 | 1,946.21 |
| 3. | Income Tax - Assessment Years 1990-91, 1994-95 and 1995-96 Pending before Mumbai High Court | 2,329.86 | 2,329.86 | 2,329.86 |
| 4. | Disputed ESIC Demands | - | 89.69 | 89.69 |
| 5. | Disputed Sales Tax Demands | 11,443.23 | 11,668.05 | 224.82 |
| (b) | Guarantees & Securities | | | |
| | Outstanding Letters of Credit | 10,860.89 | 7,076.24 | 3,418.21 |
| | **TOTAL** | **31,569.65** | **32,984.07** | **18,749.01** |
| | | | | |
| **B.** | **Commitments** | | | |
| 1. | Estimated amount of contracts remaining to be executed on capital account and not provided for | | | |
| | - Towards Property, Plant and Equipment | **4,208.43** | **5,857.80** | **6,992.19** |

## 34 EMPLOYEE BENEFITS

Brief Description of the Plans:

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

### A. Define Benefit Plans:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

I. Principal Actuarial Assumptions Used:

(₹ in '000)

| Particulars | Funded | Funded | Funded |
|---|---|---|---|
| | 2017-18 | 2016-17 | 2015-16 |
| Discount Rate (per annum) | 7% to 8% | 7% to 8% | 7% to 8% |
| Salary Escalation Rate | 6% to 10% | 6% to 10% | 6% to 10% |
| Rate of Employee Turnover | 5% | 5% | 5% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Expected Rate of Return on Plan Assets (per annum) | 7% to 8% | 7% to 8% | 7% to 8% |

II. Expenses Recognised in Statement of Profit and Loss

(₹ in '000)

| Particulars | Funded | Funded |
|---|---|---|
| | 2017-18 | 2016-17 |
| Current Service Cost | 1,403.71 | 1,227.99 |
| Net Interest Cost | 949.44 | 730.98 |
| Past Service Cost | 283.39 | - |
| Total Expenses / (Income) Recognised in the Statement of Profit and Loss | 2,636.53 | 1,958.97 |

The total expenses for the year are included in the 'Employee Benefits Expense" line item in the Statement of Profit & Loss.

III. Expenses Recognized in the Other Comprehensive Income (OCI)

(₹ in '000)

| Particulars | Funded | Funded |
|---|---|---|
| | 2017-18 | 2016-17 |
| Actuarial (Gains)/Losses on Obligation - Due to Changes in Financial Assumptions | (756.34) | 758.71 |
| Actuarial (Gains)/Losses on Obligation - Due to Experience Adjustment | (1,052.64) | 1,670.14 |
| Return on Plan Assets, Excluding Interest Income | (40.16) | (32.72) |
| Net (Income)/Expense For the Year Recognized in OCI | (1,849.14) | 2,396.13 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

IV. Movements in the Present Value of Defined Benefit Obligation are as Follows:

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Present Value of Defined Benefit Obligation at the Beginning of the Year | 22,668.18 | 18,246.22 |
| Interest Cost | 1,638.73 | 1,425.83 |
| Current Service Cost | 1,403.71 | 1,227.98 |
| Past Service Cost | 283.39 | - |
| Benefit Paid Directly by the Employer | (434.75) | (574.46) |
| Benefit Paid Directly From the Fund | - | (86.24) |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to Changes in Financial Assumptions | (756.34) | 758.71 |
| Actuarial (Gains)/Losses on Obligation For the Period - Due to Experience Adjustment | (1,052.63) | 1,670.14 |
| Defined Benefit Obligation at the End of the Year | 23,750.29 | 22,668.18 |

V. Amount Recognised in the Balance Sheet

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Present Value of Defined Benefit Obligation as at the End of the Year | (23,750.28) | (22,668.18) |
| Fair Value of Plan Assets at the end of the Year | 10,266.45 | 9,536.99 |
| Funded Status [Surplus/ (Deficit)] | (13,483.83) | (13,131.19) |
| Net Liability/(Asset) Recognised in the Balance Sheet | (13,483.83) | (13,131.19) |

VI. Maturity Analysis of the Benefit Payments: From the Fund

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| | From Fund | From Fund |
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 2,933.28 | 1,704.86 |
| 2nd Following Year | 1,949.04 | 1,329.86 |
| 3rd Following Year | 3,914.14 | 1,952.23 |
| 4th Following Year | 1,868.26 | 4,192.12 |
| 5th Following Year | 1,841.48 | 2,076.04 |
| Sum of Years 6 To 10 | 14,776.36 | 12,821.13 |
| Sum of Years 11 and above | 12,472.90 | 13,642.78 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

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

a) Interest Risk:- A decrease in the bond interest rate will increase the plan liability.

b) Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

c) Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

VII. Sensitivity Analysis

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Projected Benefits Payable in Future Years From the Date of Reporting | 23,750.29 | 22,668.18 |
| Impact of +1% Change in Rate of Discounting | (1,185.92) | (1,271.72) |
| Impact of -1% Change in Rate of Discounting | 1,314.38 | 1,408.96 |
| Impact of +1% Change in Rate of Salary Increase | 1,251.23 | 1,308.04 |
| Impact of -1% Change in Rate of Salary Increase | (1,168.07) | (1,217.36) |
| Impact of +1% Change in Rate of Employee Turnover | (102.14) | (131.46) |
| Impact of -1% Change in Rate of Employee Turnover | 109.36 | 140.70 |

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. 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 | 2017-18 | 2016-17 |
|---|---|---|
| Employer's contribution to Provident Fund | 8,766.66 | 8,921.07 |
| Employer's contribution to Employees' State Insurance | 563.69 | 619.50 |
| Employer's contribution to Labour Welfare Fund | 9.77 | 9.50 |
| Employer's contribution to Employee Pension | 2,526.70 | 2,347.83 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31ST MARCH, 2018

**C. Leave Obligations**

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

The amount of the provision of ₹ 4713.56 ('000) [31st March, 2017 ₹ 3791.10 ('000)] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Total Expenses / (Income) Recognised in the Statement of Profit and Loss | 1,310.66 | 1,272.38 |

**35 INFORMATION IN ACCORDANCE WITH THE REQUIREMENTS OF Ind AS 24 ON RELATED PARTY DISCLOSURES**

**A LIST OF RELATED PARTIES**

(i) Key Management Personnel's (KMP):

Mr. Jaydev Mody (JM) - Chairman

Mr. Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director

Mr. Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. Mr. Rajesh Jaggi (RJ) - Independent Director

Mr. Darius Khambatta (DK) - Non-executive Director

Mr. Samir Chinai (SC) - Independant Director

Mr. Abhilash Sunny (AS) - Chief Financial Officer

Ms. Snehal Oak (SO) - Company Secretary

(ii) Relatives of KMP:

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)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2018

## B DETAILS OF TRANSACTIONS CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

(₹ in '000)

| Particulars | KMP | | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control | | Total | |
|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| **Remuneration Paid** | | | | | | |
| A S | 5,052.46 | 4,199.55 | - | - | 5,052.46 | 4,199.55 |
| S O | 426.23 | 608.04 | - | - | 426.23 | 608.04 |
| **Sub Total** | **5,478.69** | **4,807.59** | **-** | **-** | **5,478.69** | **4,807.59** |
| **Director Sitting Fees** | | | | | | |
| JM | 8.00 | 4.00 | - | - | 8.00 | 4.00 |
| AK | 8.00 | 4.00 | - | - | 8.00 | 4.00 |
| DK | 10.00 | 8.00 | - | - | 10.00 | 8.00 |
| JT | 18.00 | 8.00 | - | - | 18.00 | 8.00 |
| RJ | 14.00 | 16.00 | - | - | 14.00 | 16.00 |
| SC | 6.00 | 8.00 | - | - | 6.00 | 8.00 |
| VU | 14.00 | 16.00 | - | - | 14.00 | 16.00 |
| **Sub Total** | **78.00** | **64.00** | **-** | **-** | **78.00** | **64.00** |
| **Rent Paid** | | | | | | |
| A A A H T | - | - | 576.00 | 576.00 | 576.00 | 576.00 |
| **Sub Total** | **-** | **-** | **576.00** | **576.00** | **576.00** | **576.00** |
| **Interest Expenses** | | | | | | |
| A A M P L | - | - | 9,923.70 | 4,601.29 | 9,923.70 | 4,601.29 |
| A D M P L | - | - | 55.60 | - | 55.60 | - |
| R S | - | - | 845.51 | 45.39 | 845.51 | 45.39 |
| **Sub Total** | **-** | **-** | **10,824.81** | **4,646.69** | **10,824.81** | **4,646.69** |
| **Professional Fees Paid** | | | | | | |
| A Z B | - | - | 200.00 | - | 200.00 | - |
| F R L | - | - | 42.82 | 35.99 | 42.82 | 35.99 |
| **Sub Total** | **-** | **-** | **242.82** | **35.99** | **242.82** | **35.99** |
| **Loan Taken** | | | | | | |
| A A M P L | - | - | 61,500.00 | 42,200.00 | 61,500.00 | 42,200.00 |
| A D M P L | - | - | 11,500.00 | - | 11,500.00 | - |
| R S | - | - | 3,000.00 | 6,600.00 | 3,000.00 | 6,600.00 |
| **Sub Total** | **-** | **-** | **76,000.00** | **48,800.00** | **76,000.00** | **48,800.00** |
| **Loan Repaid** | | | | | | |
| A A M P L | - | - | - | 2,000.00 | - | 2,000.00 |
| **Sub Total** | **-** | **-** | **-** | **2,000.00** | **-** | **2,000.00** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31ST MARCH, 2018

## B DETAILS OF TRANSACTIONS CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

(₹ in '000)

| Particulars | KMP | | | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2015-16 | 2017-18 | 2016-17 | 2015-16 | 2017-18 | 2016-17 | 2015-16 |
| **Outstanding as at 31st March** | | | | | | | | | |
| **Loan Payable** | | | | | | | | | |
| A A M P L | - | - | - | 140,500.00 | 81,700.00 | 38,800.00 | 140,500.00 | 81,700.00 | 38,800.00 |
| A D M P L | - | - | - | 54,500.00 | 43,000.00 | 43,000.00 | 54,500.00 | 43,000.00 | 43,000.00 |
| A T C P L | - | - | - | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 | 43,000.00 |
| Dr Ram Shroff | - | - | - | 9,600.00 | 6,600.00 | - | 9,600.00 | 6,600.00 | - |
| **Sub Total** | - | - | - | 247,600.00 | 174,300.00 | 124,800.00 | 247,600.00 | 174,300.00 | 124,800.00 |
| | | | | | | | | | |
| **Trade Payables** | | | | | | | | | |
| A Z B | - | - | - | 180.00 | - | - | 180.00 | - | - |
| F R L | - | - | - | 9.21 | 37.26 | 18.98 | 9.21 | 37.26 | 18.98 |
| A A A H T | - | - | - | 2,965.71 | 2,350.11 | 1,754.38 | 2,965.71 | 2,350.11 | 1,754.38 |
| **Sub Total** | - | - | - | 3,154.91 | 2,387.36 | 1,773.36 | 3,154.91 | 2,387.36 | 1,773.36 |
| | | | | | | | | | |
| **Interest Payable** | | | | | | | | | |
| A A M P L | - | - | - | 14,725.82 | 5,794.49 | 1,653.33 | 14,725.82 | 5,794.49 | 1,653.33 |
| A D M P L | - | - | - | 50.04 | - | - | 50.04 | - | - |
| Dr Ram Shroff | - | - | - | 801.81 | 40.85 | - | 801.81 | 40.85 | - |
| **Sub Total** | - | - | - | 15,577.67 | 5,835.34 | 1,653.33 | 15,577.67 | 5,835.34 | 1,653.33 |
| | | | | | | | | | |
| **Remuneration Payable** | | | | | | | | | |
| A S | 311.15 | 178.82 | 152.39 | - | - | - | 311.15 | 178.82 | 152.39 |
| S O | 30.35 | - | 50.06 | - | - | - | 30.35 | - | 50.06 |
| **Sub Total** | **341.50** | **178.82** | **202.45** | **-** | **-** | **-** | **341.50** | **178.82** | **202.45** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 36 EARNINGS PER SHARE (EPS)

Earnings Per Share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Profit / (Loss) After Tax [₹ in '000] | (32,580.05) | (43,554.84) |
| Weighted Average Number of Equity Shares used as Denominator for Calculating Basic Earnings per share (nos.) | 6,471,014 | 6,471,014 |
| Earnings Per Share - Basic (₹) | (5.03) | (6.73) |

## 37 MAT CREDIT ENTITLEMENT

MAT Credit Entitlement of ₹ 4,707.31 ('000) [Previous Year ₹ 2,868('000)] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

## 38 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. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Trade Receivables:**

a) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

(₹ in '000)

| Particulars | 0 - 180 Days | More than 180 Days | Total |
|---|---|---|---|
| As at 31 March 2018 | 183,742.61 | 12,259.46 | 196,002.07 |
| As at 31 March 2017 | 144,472.42 | 13,788.57 | 158,260.99 |
| As at 1 April 2016 | 142,625.83 | 9,582.57 | 152,208.40 |

b) Movement in provisions of doubtful debts

(₹ in '000)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Opening Provision | 2,128.34 | 2,243.53 |
| Add:- Additional Provision Made | 1,346.97 | 1,130.43 |
| Less:- Amount Written Off | (734.75) | (1,245.63) |
| Less:- Provision Reversed | - | - |
| Closing Provisions | 2,740.56 | 2,128.34 |

**39 CAPITAL RISK MANAGEMENT**

a) 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, 20 and 22 offset by cash and bank balances) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

The capital components of the Company are as given below:

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 | April 01, 2016 |
|---|---|---|---|
| Total Equity | 248,513.12 | 280,840.26 | 327,171.47 |
| Current Borrowings | 246,031.93 | 199,434.60 | 152,159.23 |
| Non Current Borrowings | 163,253.95 | 147,543.61 | 164,735.97 |
| Current Maturities of Non Current Borrowings | 36,903.00 | 17,565.23 | 13,786.32 |
| Book Overdrafts | - | - | 84.39 |
| Total Debt | 446,188.87 | 364,543.44 | 330,765.90 |
| Cash and Cash Equivalents | 34,374.60 | 21,778.78 | 38,648.28 |
| Other Bank Balances | 4,022.72 | 13,008.75 | 14,634.69 |
| Net Debt | 407,791.56 | 329,755.92 | 277,482.94 |
| Debt Equity Ratio | 1.64 | 1.17 | 0.85 |

## 40 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.

(₹ in '000)

| Maturities of Financial Liabilities | March 31, 2018 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| Borrowings | 446,188.87 | 282,934.92 | 166,094.82 | - |
| Trade Payables | 104,427.86 | 104,427.86 | - | - |
| Other Financial Liabilities | 33,873.22 | 33,873.22 | - | - |
| | **584,489.95** | **421,236.00** | **166,094.82** | **-** |

(₹ in '000)

| Maturities of Financial Liabilities | March 31, 2017 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| Borrowings | 364,543.44 | 216,999.83 | 149,608.15 | - |
| Trade Payables | 104,560.50 | 104,560.50 | - | - |
| Other Financial Liabilities | 25,958.42 | 25,958.42 | - | - |
| | **495,062.36** | **347,518.75** | **149,608.15** | **-** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Maturities of Financial Liabilities | April 1, 2016 | | | |
|---|---|---|---|---|
| | Carrying Value | Upto 1 year | 1 to 5 years | 5 years & above |
| Borrowings | 330,681.51 | 165,945.55 | 165,551.01 | - |
| Trade Payables | 89,746.47 | 89,746.47 | - | - |
| Other Financial Liabilities | 16,252.40 | 16,252.40 | - | - |
| | **436,680.39** | **271,944.42** | **165,551.01** | **-** |

## 41 INTEREST RATE RISK & SENSITIVITY ANALYSIS

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.

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% |
| As at 31 March 2018 | 446,188.87 | 1% | (4,461.89) | 4,461.89 |
| As at 31 March 2017 | 364,543.44 | 1% | (3,645.43) | 3,645.43 |
| As at 1 April 2016 | 330,681.51 | 1% | (3,306.82) | 3,306.82 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 42 OTHER PRICE RISKS

The Company is not significantly exposed to equity price risks / other price risks.

## 43 TAX EXPENSES

### a) Amount Recognised in the Statement of Profit or Loss

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Income tax** | | |
| In respect of the current year | 4,335.08 | 4,851.52 |
| Adjustments for Current Tax of Prior Periods | - | - |
| In respect of prior years | - | - |
| | 4,335.08 | 4,851.52 |
| **Deferred tax** | | |
| In respect of Current year | 2,450.45 | 890.65 |
| In respect of MAT Credit Entitlement | (1,839.31) | - |
| Total income tax expense for the year | 4,946.22 | 5,742.18 |

### b) Amount recognised in other comprehensive income

(₹ in '000)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Deferred tax** | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Remeasurement of defined benefit obligation | (480.78) | 740.40 |
| Total income tax recognised in other comprehensive income | (480.78) | 740.40 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

**c) The income tax expense for the year can be reconciled to the accounting profit as follows:**

(₹ in ‘000)

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Profit before tax after Exceptional Items | (32,580.05) | (43,554.84) |
| Applicable Tax Rate (%) | 19.06 | 30.90 |
| Income Tax Expense Calculated at Applicable Tax Rate | (6,209.76) | (13,458.44) |
| Effect of not recognition of deferred tax asset on accumulated tax losses | 13,405.41 | 16,252.91 |
| On Account of Rate Difference in Subsidiary Companies | (2,290.47) | 185.41 |
| Effect of expenses that are not deductible in determining taxable profit | - | 1,871.64 |
| Other Allowable Expenditure | (2,409.42) | - |
| Tax Impact on Ind AS Transition Effect Adjustments | 1,839.31 | - |
| Current Tax Provision (A) | 4,335.08 | 4,851.52 |
| Incremental Deferred Tax Liability on Account of Tangible and Intangible Assets | 4,582.64 | 2,412.39 |
| Reversal of Deferred Tax Liability on Account of Interest Free Loan | (2,014.12) | (2,096.99) |
| Unabsorbed Losses | - | 427.19 |
| Others | (118.06) | 148.06 |
| MAT Credit Entitlement | (1,839.31) | - |
| Deferred Tax Provision (B) | 611.14 | 890.65 |
| Tax Expenses Recognised in Statement of Profit and Loss (A+B) | 4,946.22 | 5,742.18 |
| Effective Tax Rate (%) | (15.18) | (13.18) |

**d) Deferred tax balances**

(₹ in ‘000)

| Particulars | March 31, 2018 | March 31, 2017 | April 1, 2016 |
|---|---|---|---|
| Deferred Tax Assets (Net) | - | - | - |
| MAT Credit Entitlement | 4,707.31 | 2,868.00 | 2,868.00 |
| Deferred Tax Liabilities (Net) | (12,790.60) | (9,837.69) | (8,649.84) |
| | (8,083.29) | (6,969.69) | (5,781.85) |

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**e) Movement of tax expense during the year 2017-18**

(₹ in '000)

| Particulars | Opening Balance | Recognised in Statement of Profit or Loss | Recognised in Other Comprehensive Income | Foreign Currency Transalation Adjustment | Closing Balance |
|---|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | | |
| Expenses Deductible on Payment Basis | 897.99 | 58.54 | (480.78) | - | 475.75 |
| Interest Free Loans from Promoters | (11,820.33) | 2,014.12 | - | - | (9,806.21) |
| Unabsorbed Business Losses and Unabsorbed Depreciation | 21,335.16 | - | - | - | 21,335.16 |
| Property, Plant and Equipments | (19,981.91) | (4,582.64) | - | (21.68) | (24,586.23) |
| Unrealised Profits on Inter Company Profits | (268.60) | 59.52 | - | - | (209.08) |
| Minimum Alternate Taxes | 2,868.00 | 1,839.31 | - | - | 4,707.31 |
| **TOTAL** | (6,969.69) | (611.14) | (480.78) | (21.68) | (8,083.29) |

**f) Movement of tax expense during the year 2017-18**

(₹ in '000)

| Particulars | Opening Balance | Recognised in Statement of Profit or Loss | Recognised in Other Comprehensive Income | Foreign Currency Transalation Adjustment | Closing Balance |
|---|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | | |
| Expenses Deductible on Payment Basis | 296.65 | (139.07) | 740.40 | - | 897.99 |
| Interest Free Loans from Promoters | (13,917.32) | 2,096.99 | - | - | (11,820.33) |
| Unabsorbed Business Losses and Unabsorbed Depreciation | 22,799.94 | (427.19) | - | (1,037.59) | 21,335.16 |
| Property, Plant and Equipments | (17,569.51) | (2,412.39) | - | - | (19,981.91) |
| Unrealised Profits on Inter Company Profits | (259.61) | (8.99) | - | - | (268.60) |
| Minimum Alternate Taxes | 2,868.00 | - | - | - | 2,868.00 |
| **TOTAL** | (5,781.85) | (890.65) | 740.40 | (1,037.59) | (6,969.69) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

### g) Movement of MAT Credit Entitlement During the Year Ended 31st March, 2018 and 31st March, 2017

(₹ in '000)

| MAT Credit Entitlement | Opening Balance | Recognised in Statement of Profit or Loss | Utilised During the Year | Closing Balance |
|---|---|---|---|---|
| Financial Year 2017-18 | 2,868.00 | 1,839.31 | - | 4,707.31 |
| Financial Year 2016-17 | 2,868.00 | - | - | 2,868.00 |

## 44 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 | Currency Name | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | In Foreign Currency | (₹ in '000) | In Foreign Currency | (₹ in '000) | In Foreign Currency | (₹ in '000) |
| Trade Receivables | | | | | | | |
| - Not Hedged | USD | 32,972.21 | 2,144.65 | 17,599.65 | 1,141.14 | 51,454.83 | 3,413.15 |
| - Not Hedged | GBP | 17,199.16 | 1,587.22 | 70,150.37 | 5,673.74 | 13,442.92 | 1,278.26 |
| - Not Hedged | EURO | 5,103.41 | 411.45 | 2,041.36 | 141.36 | - | - |
| **Total Assets** | | **55,274.78** | **4,143.31** | **89,791.39** | **6,956.24** | **64,897.74** | **4,691.41** |
| Trade Payables | | | | | | | |
| - Not Hedged | USD | 180,730.75 | 11,755.05 | 145,696.72 | 9,446.74 | 77,536.00 | 5,143.15 |
| - Not Hedged | EURO | - | - | 16,344.00 | 1,131.78 | 14,640.00 | 1,099.40 |
| Foreign Currency Loan Payable | | | | | | | |
| - Not Hedged | USD | - | - | 763,016.00 | 49,472.89 | 1,055,083.60 | 69,986.75 |
| **Total Liabilities** | | **180,730.75** | **11,755.05** | **925,056.72** | **60,051.41** | **1,147,259.60** | **76,229.31** |

Of the above, the Company is mainly exposed to USD, GBP and 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| Currencies | Increase Decrease | Total Assets | Total Liabilities | Impact on Profit for the year before tax |
|---|---|---|---|---|
| USD | Increase by 5% | 2,144.65 | 11,755.05 | (480.52) |
| USD | Decrease by 5% | 2,144.65 | 11,755.05 | 480.52 |
| GBP | Increase by 5% | 1,587.22 | - | 79.36 |
| GBP | Decrease by 5% | 1,587.22 | - | (79.36) |
| EURO | Increase by 5% | 411.45 | - | 20.57 |
| EURO | Decrease by 5% | 411.45 | - | (20.57) |

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.

## 45 FAIR VALUE DISCLOSURES

**a) Categories of Financial Instruments:**

(₹ in '000)

| Particulars | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial Assets | | | | | | | | | |
| Other Financial Assets - Non Current | - | - | 5,213.42 | - | - | 8,819.95 | - | - | 8,239.20 |
| Trade Receivables | - | - | 196,002.07 | - | - | 158,260.99 | - | - | 152,208.40 |
| Cash and Cash Equivalents | - | - | 34,374.60 | - | - | 21,778.78 | - | - | 38,648.28 |
| Other Bank Balances | - | - | 4,022.72 | - | - | 13,008.75 | - | - | 14,634.69 |
| Other Financial Assets - Current | - | - | 1,678.76 | - | - | 1,789.56 | - | - | 1,677.71 |
| | **-** | **-** | **241,291.57** | **-** | **-** | **203,658.02** | **-** | **-** | **215,408.29** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

| Particulars | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| **Financial Liabilities** | | | | | | | | | |
| Borrowings - Non Current | - | - | 163,253.95 | - | - | 147,543.61 | - | - | 164,735.97 |
| Borrowings - Current | - | - | 246,031.93 | - | - | 199,434.60 | - | - | 152,159.23 |
| Trade Payables | - | - | 104,427.86 | - | - | 104,560.50 | - | - | 89,746.47 |
| Other Financial Liabilities - Current | - | - | 70,776.22 | - | - | 43,523.66 | - | - | 30,038.72 |
| | **-** | **-** | **584,489.95** | **-** | **-** | **495,062.36** | **-** | **-** | **436,680.39** |

**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.

## 46 SEGMENT INFORMATION

**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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2018

**Reporting of Segment-wise Revenue, Results and Capital Employed (Consolidated):-**

(₹ in '000)

| | Particulars | Year Ended 31 March, 2018 | Year Ended 31 March, 2017 |
|---|---|---|---|
| 1 | **Segment Revenue** | | |
| | DML* | 238,346.76 | 203,874.91 |
| | MMG** | 204,579.00 | 177,261.91 |
| | MagDev*** | 299,024.82 | 274,142.84 |
| | **Total** | **741,950.59** | **655,279.66** |
| | Less : Inter Segment Revenue | (15,936.28) | (16,109.92) |
| | **Revenue From Operations** | **726,014.30** | **639,169.75** |
| | | | |
| 2 | **Segment Results** | | |
| | DML* | (2,798.63) | (5,904.37) |
| | MMG** | (25,665.38) | (30,631.20) |
| | MagDev*** | 41,067.17 | 34,696.69 |
| | **Total** | **12,603.15** | **(1,838.87)** |
| | Unallocable Expenses (Net) | 570.01 | 433.40 |
| | Other Income (Net) | 8,679.81 | 3,916.67 |
| | Finance Costs | 48,346.79 | 39,457.05 |
| | **Profit / (Loss) Before Tax** | (27,633.83) | (37,812.66) |
| | | | |
| 3 | **Capital Employed** | | |
| | Segment Assets | | |
| | DML* | 327,081.39 | 302,378.49 |
| | MMG** | 354,914.99 | 316,604.35 |
| | MagDev*** | 241,394.06 | 224,924.32 |
| | Unallocable Assets | - | - |
| | **Total Assets** | **923,390.43** | **843,907.16** |
| | Segment Liabilities | | |
| | DML* | 222,428.35 | 171,707.32 |
| | MMG** | 364,522.19 | 299,905.69 |
| | MagDev*** | 79,842.87 | 84,484.19 |
| | Unallocable Liabilities (Net) | 8,083.89 | 6,969.71 |
| | **Total Liabilities** | **674,877.31** | **563,066.91** |

*Delta Magnets Ltd., **MMG India P. Ltd., ***MagDev Ltd. (Group)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in '000)

| | Particulars | Year Ended 31 March, 2018 | Year Ended 31 March, 2017 |
|---|---|---|---|
| **4.** | **Segment - Capital Expenditure** | | |
| | DML* | 5,564.64 | 11,883.45 |
| | MMG** | 16,219.55 | 13,928.15 |
| | MagDev*** | 7,016.76 | 2,885.83 |
| | Unallocable Capital Expenditure | - | - |
| | **Total Capital Expenditure** | **28,800.94** | **28,697.43** |
| **5.** | **Segment - Depreication and Amortisation Expense** | | |
| | DML* | 8,082.20 | 7,860.09 |
| | MMG** | 11,471.84 | 10,713.07 |
| | MagDev*** | 2,619.49 | 2,975.32 |
| | Unallocable Depreciation and Amortisation Expense | - | - |
| | **Total Depreication and Amortisation Expense** | **22,173.52** | **21,548.47** |
| **6.** | **Non-Cash Expenditure Other Than Depreciation and Amortisation** | | |
| | DML* | 227.85 | 936.91 |
| | MMG** | 945.96 | 61.55 |
| | MagDev*** | 173.16 | 131.98 |
| | Unallocable Depreciation and Amortisation Expense | - | - |
| | **Total Non-Cash Expenditure Other Than Depreciation and Amortisation** | **1,346.97** | **1,130.43** |

*Delta Magnets Limited, **MMG India Private Limited, ***MagDev Limited (Group)

Note:

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".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

## 47 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 the Company | Net Assets i.e Total Assets minus Total Liabilities | | Share in Profit or (Loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TOCI) | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of Consolidated Net Assets | Amount (₹ in '000) | As % of Consolidated Profit or (Loss) | Amount (₹ in '000) | As % of Consolidated OCI | Amount (₹ in '000) | As % of Consolidated Profit or (Loss) | Amount (₹ in '000) |
| 1. | Parent: | | | | | | | | |
| | Delta Magnets Limited | 118.83% | 295,297.42 | -1.80% | 584.86 | 475.17% | 1,201.75 | -5.53% | 1,786.61 |
| 2. | Subsidiaries: | | | | | | | | |
| | MMG India Private Limited (Indian) | -25.16% | (62,525.96) | 163.22% | (53,176.22) | 65.88% | 166.62 | 163.98% | (53,009.60) |
| | Magdev Limited (Foreign) | 45.03% | 111,908.45 | -54.48% | 17,749.35 | -441.05% | (1,115.46) | -51.45% | 16,633.90 |
| | Pilamec Limited (Foreign) | 17.86% | 44,388.89 | -9.57% | 3,116.96 | - | - | -9.64% | 3,116.96 |
| | **Consolidation Adjustment** | | | | | | | | |
| 3. | Add/(Less): Adjustment Arising Out of Consolidation | -56.56% | (140,555.69) | 2.62% | (855.00) | - | - | 2.64% | (855.00) |
| | Add/(Less): Non Controlling Interests in all Subsidiaries | | | | | | | | |
| | **Consolidated Net Assets / Profit/(Loss)** | **100.00%** | **248,513.12** | **100.00%** | **(32,580.05)** | **100.00%** | **252.91** | **100.00%** | **(32,327.14)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

## 48 FIRST TIME ADOPTION OF IND AS

These are the Group's first financial statements prepared in accordance with Ind AS. The Group has prepared the its opening balance sheet as per Ind AS as at April 01, 2016 ("transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

In preparing these financial statements, the Group has availed optional exemptions and mandatory exceptions in accordance with Ind AS 101 as explained below:

(a) Past Business Combinations

The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date.

(b) Deemed Cost for Property, Plant and Equipment and Intangible Assets

While measuring the property, plant and equipment in accordance with Ind AS, the Company has elected to measure certain items of property, plant and equipment at the date of transition to Ind AS at its fair value and used that fair value as its deemed cost at transition date.

The Company has elected to continue with the carrying value of all of its intangible assets recognised as at transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(c) Cumulative Translation Differences

The cumulative translation differences for all foreign operations are deemed to be zero at the transition date.

(d) Estimate

The Group's estimates in accordance with Ind ASs at the transition date is consistent with estimates made for the same date in accordance with previous GAAP after adjustments to reflect any difference in accounting policies.

**Transition to Ind AS - Reconciliations**

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st April, 2016 and as at 31st March, 2017.

II. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017.

III. Adjustments to Statement of Cash Flows for the Year Ended 31st March, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Reconciliation of the Balance Sheet as at 31st March, 2017 and 1st April, 2016:**

(₹ in '000')

| Particulars | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|
| | Previous GAAP* | Effect of Transition to Ind AS | Ind AS | Previous GAAP* | Effect of Transition to Ind AS | Ind AS |
| **ASSETS** | | | | | | |
| **1. Non-Current Assets** | | | | | | |
| a) Property, Plant and Equipments | 393,524.09 | 25,250.42 | 418,774.51 | 405,250.89 | 27,789.05 | 433,039.94 |
| b) Intangible Assets | 361.02 | - | 361.02 | 304.99 | - | 304.99 |
| c) Capital Work-in-Progress | 4,582.81 | - | 4,582.81 | 5,649.83 | - | 5,649.83 |
| d) Intangible Assets Under Development | 21.00 | (21.00) | | 21.00 | (21.00) | - |
| e) Goodwill (on Consolidation) | 33,804.06 | - | 33,804.06 | 17,452.41 | - | 17,452.41 |
| f) Financial Assets | | | | | | |
| (i) Other Financial Assets | 8,819.95 | - | 8,819.95 | 8,239.20 | - | 8,239.20 |
| g) Non-Current Tax Assets (Net) | 5,135.00 | - | 5,135.00 | 4,734.44 | - | 4,734.44 |
| h) Deferred Tax Assets (Net) | 9,640.86 | (9,640.86) | - | 12,928.39 | (12,928.39) | - |
| i) Other Non-Current Assets | 1,624.85 | - | 1,624.85 | 453.43 | - | 453.43 |
| **Total Non-Current Assets** | **457,513.64** | **15,588.56** | **473,102.20** | **455,034.58** | **14,839.66** | **469,874.24** |
| **2. Current Assets** | | | | | | |
| a) Inventories | 125,200.52 | - | 125,200.52 | 102,460.07 | - | 102,460.07 |
| b) Financial Assets | | | | | | |
| (i) Trade Receivables | 158,272.92 | (11.93) | 158,260.99 | 152,208.40 | - | 152,208.40 |
| (ii) Cash and Cash Equivalents | 21,778.78 | - | 21,778.78 | 38,648.28 | - | 38,648.28 |
| (iii) Bank Balances Other Than (ii) Above | 13,008.75 | - | 13,008.75 | 14,634.69 | - | 14,634.69 |
| (iv) Other Financial Assets | 1,789.56 | - | 1,789.56 | 1,677.71 | - | 1,677.71 |
| c) Other Current Assets | 27,125.82 | - | 27,125.82 | 20,683.14 | - | 20,683.14 |
| d) Assets Classified as Held for Sale | 23,640.54 | - | 23,640.54 | - | - | - |
| **Total Current Assets** | **370,816.87** | **(11.93)** | **370,804.94** | **330,312.30** | **-** | **330,312.30** |
| **Total Assets** | **828,330.52** | **15,576.63** | **843,907.15** | **785,346.88** | **14,839.66** | **800,186.54** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

| Particulars | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|
| | Previous GAAP* | Effect of Transition to Ind AS | Ind AS | Previous GAAP* | Effect of Transition to Ind AS | Ind AS |
| **EQUITY AND LIABILITIES** | | | | | | |
| **1 Equity** | | | | | | |
| a) Equity Share Capital | 64,710.14 | - | 64,710.14 | 64,710.14 | - | 64,710.14 |
| b) Other Equity | 172,416.57 | 43,713.55 | 216,130.12 | 208,308.28 | 54,153.05 | 262,461.33 |
| **Total Non-Current Assets** | **237,126.71** | **43,713.55** | **280,840.26** | **273,018.42** | **54,153.05** | **327,171.47** |
| **2 Non-Current Liabilities** | | | | | | |
| a) Financial Liabilities | | | | | | |
| i) Borrowings | 188,461.65 | (40,918.04) | 147,543.61 | 212,616.69 | (47,880.73) | 164,735.97 |
| b) Deferred Tax Liabilities (Net) | - | 6,969.69 | 6,969.69 | - | 5,781.85 | 5,781.85 |
| c) Provisions | 13,131.20 | - | 13,131.20 | 9,350.57 | - | 9,350.57 |
| d) Other Non-Current Liabilities | - | 900.00 | 900.00 | - | 1,260.00 | 1,260.00 |
| **Total Non-Current Assets** | **201,592.85** | **(33,048.35)** | **168,544.50** | **221,967.26** | **(40,838.88)** | **181,128.38** |
| **3 Current liabilities** | | | | | | |
| a) Financial Liabilities | | | | | | |
| (i) Borrowings | 198,834.60 | 600.00 | 199,434.60 | 152,159.23 | - | 152,159.23 |
| (ii) Trade Payables | 104,560.50 | - | 104,560.50 | 89,746.47 | - | 89,746.47 |
| (iii) Other Financial Liabilities | 43,523.66 | - | 43,523.66 | 30,038.72 | - | 30,038.72 |
| b) Other Current Liabilities | 38,901.11 | 4,311.43 | 43,212.54 | 15,069.90 | 1,525.49 | 16,595.39 |
| c) Provisions | 3,791.10 | - | 3,791.10 | 3,346.89 | - | 3,346.89 |
| d) Current Tax Liabilities (Net) | - | - | - | - | - | - |
| **Total Current Liabilities** | **389,610.96** | **4,911.43** | **394,522.39** | **290,361.20** | **1,525.49** | **291,886.69** |
| **TOTAL EQUITY AND LIABILITIES** | **828,330.52** | **15,576.63** | **843,907.15** | **785,346.88** | **14,839.66** | **800,186.54** |

*The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2018

**Effect of Ind AS Adoption on the Statement of Profit and Loss for the Year Ended 31 March, 2017:**

(₹ in '000)

| Particulars | Previous GAAP | Effect of Transition to Ind AS | Ind AS |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from Operations | 603,415.90 | 35,753.85 | 639,169.75 |
| Other Income | 6,702.61 | (2,785.94) | 3,916.67 |
| **TOTAL REVENUE** | 610,118.51 | 32,967.91 | 643,086.42 |
| **EXPENSES:** | | | |
| Cost of Materials Consumed | 79,545.00 | - | 79,545.00 |
| Purchases of Stock-in-Trade | 142,932.84 | - | 142,932.84 |
| Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade | (7,955.44) | - | (7,955.44) |
| Excise Duty | - | 35,405.99 | 35,405.99 |
| Employee Benefit Expenses | 175,951.38 | (2,396.13) | 173,555.25 |
| Finance Costs | 32,045.67 | 7,411.38 | 39,457.05 |
| Depreciation and Amortisation Expense | 18,959.49 | 2,538.63 | 21,498.12 |
| Other Expenses (including ₹ 1,95,630/- of Prior Period Items in Previous GAAP) | 196,460.26 | - | 196,460.26 |
| **Total Expenses** | 637,939.20 | 42,959.88 | 680,899.08 |
| **Profit / (Loss) Before Tax** | (27,820.69) | (9,991.97) | (37,812.66) |
| Tax Expenses | | | |
| - Current Tax | 4,851.52 | - | 4,851.52 |
| - Deferred Tax | 2,250.15 | (1,359.49) | 890.65 |
| **Total Tax Expenses** | 7,101.67 | (1,359.49) | 5,742.18 |
| **Profit / (Loss) After Tax** | (34,922.36) | (8,632.48) | (43,554.84) |
| **Other Comprehensive Income**** | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurements of the Defined Benefit Obligations | - | (2,396.13) | (2,396.13) |
| (ii) Income Tax relating to above items | - | 740.40 | 740.40 |
| (iii) Items that will be reclassified to profit or loss | | | |
| (a) Foreign Currency Translation Reserve | - | (1,478.19) | (1,478.19) |
| Items that will not be reclassified into profit or loss | - | (3,133.91) | (3,133.91) |
| **Total Comprehensive Income / (Loss) for the Year** | **(34,922.36)** | **(11,766.39)** | **(46,688.75)** |

** Under the Previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31ST MARCH, 2018**

**Reconciliations between Previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliation from previous GAAP to Ind AS.

### I. Reconciliation of equity as at March 31, 2017 and April 1, 2016

(₹ in '000)

| | | Footnotes | As at 31-03-2017 | As at 31-03-2016 |
|---|---|---|---|---|
| Equity as per Previous GAAP | (A) | | 237,126.71 | 273,018.42 |
| Nature of Adjustments: | | | | |
| Use of Fair Value of Property, Plant and Equipment as Deemed Cost | | A | 26,528.17 | 28,818.34 |
| Measurement of interest free loans availed by the Company | | B | 38,544.03 | 45,039.86 |
| Measurement of Borrowings at Amortised Cost | | C | (763.75) | 191.58 |
| Reversal of Foreign Exchange Gain/ Loss on Foreign Currency Advances | | E | (3,951.43) | (1,165.49) |
| Other Ind AS Adjustments | | F | (33.14) | (21.00) |
| Tax Impact of the Above Adjustments | | | (16,610.34) | (18,710.23) |
| **Total effect of transition to Ind AS** | **(B)** | | **43,713.55** | **54,153.05** |
| **Equity as per Ind AS** | **(A + B)** | | **280,840.26** | **327,171.47** |

### II. Reconciliation of Total Comprehensive Income for the Year Ended March 31, 2017

(₹ in '000)

| | Notes | Year ended March 31, 2017 |
|---|---|---|
| Net Profit as per Previous GAAP | | (34,922.36) |
| Nature of Adjustments: | | |
| Use of Fair Value of Property, Plant and Equipment as Deemed Cost - Impact on Depreciation | A | (2,290.17) |
| Measurement of Interest Free Loans Availed by the Company | B | (6,786.36) |
| Measurement of Borrowings at Amortised Cost | C | (513.49) |
| Remeasurement of Defined Benefit Obligation - Recognised in Other Comprehensive Income | D | 2,396.13 |
| Reversal of Foreign Exchange Gain/ Loss on Foreign Currency Advances | E | (2,785.94) |
| Other Ind AS Adjustments | F | (12.14) |
| Tax Effects of Above Adjustments | | 1,359.49 |
| Total effect of transition to Ind AS | | (8,632.48) |
| **Net Profit as per Ind AS** | | **(43,554.84)** |
| Other Comprehensive Income (Net of Tax) | D | (3,133.91) |
| **Total Comprehensive Income /(Loss) as per Ind AS** | | **(46,688.75)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

Footnotes:

A In accordance with Ind AS 101, the Group has elected to measure certain items of property, plant and equipment at fair value as at transition date. This fair values are considered as deemed cost. All other assets are measured in accordance with Ind AS 16. This resulted in increase in deemed cost of land held under finance lease by Rs. 28,818.34 (‘000). Depreciation expenses has been provided accordingly over the balance useful life.

B The Company has received long term interest free loans from its promoters. Under Ind AS, the such loans availed are measured at fair value at the date of transaction. The difference of loan amount received and its fair value is directly taken to equity as ‘deemed equity contribution’. Subsequently, these loans are measured at amortised cost by charging interest expenses using effective interest method.

C Borrowings has been measured at transaction price under previous GAAP. Under Ind AS, borrowing has been measured at amortised cost using effective interest method.

D Under Ind AS, actuarial gains or losses on remeasurement of defined benefit obligation is recognised in other comprehensive income (including its tax effect) which was recognised in statement of profit and loss under previous GAAP.

Foreign currency translation reserve is also reconised through other comprehensive income on translation of foreign operations of the Group.

E Foreign currency advances has been retranslated using closing exchange rate under previous GAAP. However, these advances are treated as non-monetary items using guidance from a draft interpretation. Accordingly, such foreign exchange fluctuation has been reversed under Ind AS.

F Other adjustments includes derecognition of intangible assets which does not satisfy recognition criteria under Ind AS and impairment of financial assets on expected credit losses basis.

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| **Jaydev Mody**<br>Chairman<br>DIN:00234797 | **Dr. Ram H. Shroff**<br>Managing Director<br>DIN:00004865 | **Darius Khambatta**<br>Director<br>DIN:00520338 |
| **Javed Tapia**<br>Director<br>DIN:00056420 | **Samir Chinai**<br>Director<br>DIN:00112601 | **Rajesh Jaggi**<br>Director<br>DIN:00046853 |
| **Abhilash Sunny**<br>CFO | **Snehal Oak**<br>Company Secretary<br>ACS No. 23112 | |

Mumbai: 18th May, 2018

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 31ST MARCH, 2018**

# ANNEXURE - A

**Silent features of Financial statements of Subsidiary as per Compnay's Act, 2013**

| Sr. No. | Name of Subsidiary Companies | Reporting Period | Reporting Currency | Capital | Reserves | Total Assets | Total Liabilities | Investments | Turover (includes other income) | Profit/ (Loss) before taxation | Provision for Taxation | Proposed Dividend | % of Shareholding | Country of Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | MMG India Pvt Ltd | 31-Mar-18 | INR | 138658.70 | (201438.34) | 367094.73 | 429873.70 | 0.00 | 205257.59 | (50202.33) | 2973.89 | 0.00 | 99.99 | India |
| 2. | Magdev Ltd | 31-Mar-18 | INR | 70690.00 | 103912.46 | 271870.43 | 97267.97 | 61461.54 | 252906.61 | 21212.64 | 3463.29 | 0.00 | 100.00 | UK |
| | | | GBP | 766.00 | 1126.00 | 2946.00 | 1054.00 | 666.00 | 2921.00 | 245.00 | 40.00 | 0.00 | | |
| 3. | Pilamec Ltd | 31-Mar-18 | INR | 1015.13 | 43373.76 | 54447.91 | 10059.02 | 0.00 | 46408.06 | 4155.95 | 1038.99 | 0.00 | 100.00 | UK |
| | | | GBP | 11.00 | 470.00 | 590.00 | 109.00 | 0.00 | 536.00 | 48.00 | 12.00 | 0.00 | | |

| | | Closing rate | Average rate |
|---|---|---|---|
| * Exchange rate as on 31.03.2018 | GBP | 92.2846 | 86.5822 |

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