

25th
ANNUAL REPORT
2014-2015



AIA ENGINEERING LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra S. Shah	: Chairman: Independent-Non-Executive
Mr. Bhadresh K. Shah	: Managing Director: Executive - Promoter
Mr. Vinod Narain	: Independent: Resigned w.e.f. 4 th August 2014
Mr. Sanjay S. Majmudar	: Independent Director
Dr. S. Srikumar	: Non Independent-Non-Executive Director
Mr. Yashwant M. Patel	: Whole-time Director
Mr. Dileep C. Choksi	: Independent Director
Mrs. Khushali S. Solanki	: Non-Executive- Non-Independent – w.e.f. 7 th November 2014
Mrs. Bhumika S. Shodhan	: Non-Executive- Non-Independent – w.e.f. 7 th November 2014
Mr. Rajan Harivallabhdas	: Additional Director - Independent w.e.f. 14 th May, 2015

EXECUTIVE DIRECTOR (FINANCE)

Mr. Kunal D. Shah

COMPANY SECRETARY

Mr. S. N. Jetheliya

STATUTORY AUDITORS

M/s.Talati & Talati,
Chartered Accountants

COST AUDITORS

M/s.Kiran J. Mehta & Co.
Cost Accountants

SECRETARIAL AUDITORS

M/s. Tushar Vora & Associates
Company Secretaries

REGISTERED OFFICE

115, GVMM Estate,
Odhav Road, Odhav,
Ahmedabad - 382 410

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited,
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West),
MUMBAI – 400 078
Phone No. 022-25946970
Fax No. 022-25946969

COMMITTEES:

1. Audit Committee:

Mr. Rajendra S. Shah – Chairman
Mr. Sanjay S. Majmudar – Member
Mr. Dileep C. Choksi–Member – Upto 30th March, 2015
Mr. Bhadresh K. Shah–Member–Appointed w.e.f. 29th April, 2015
Mr. Rajan Harivallabhdas–Member–Appointed w.e.f. 14th May, 2015

2. Nomination & Remuneration Committee:

Mr. Sanjay S. Majmudar – Chairman
Mr. Rajendra S. Shah – Member
Dr. S. Srikumar – Member

3. Stakeholders' Relationship Committee:

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

4. Corporate Social Responsibility Committee:

Mr. Bhadresh K. Shah – Chairman
Mr. Sanjay S. Majmudar – Member
Mr. Yashwant M. Patel – Member

5. Risk Management Committee:

Mr. Bhadresh K. Shah – Chairman
Mr. Yashwant M. Patel – Member
Dr. Ajit Nath Jha – Member

BANKERS

State Bank of India
G.V.M.S.A.V. Ltd. Branch,
Odhav Road, Odhav,
Ahmedabad-382410

Citi Bank N.A.
1st Floor, Kalapurnam,
Nr. Municipal Market, C.G. Road,
Ahmedabad-380 009

HSBC Bank Ltd.
Maradia Plaza,
Upper Level, C.G. Road,
Ahmedabad-380 009

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NUMBERS SPEAK

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	Year Ended 31 st March, 2015 ₹ Lacs	Year Ended 31 st March, 2014 ₹ Lacs
I. Revenue from Operations	225,710.34	216,162.11
Less : Central Excise Duty	7,346.65	8,154.28
Revenue from Operations (Net)	218,363.69	208,007.83
II. Other Income	8,321.59	3,340.71
III. Total Revenue (I +II)	226,685.28	211,348.54
IV. Expenses:		
Cost of Materials Consumed	86,063.29	72,681.49
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(9,903.05)	6,958.68
Employee Benefits Expense	9,811.13	8,883.53
Finance Costs	393.55	636.45
Depreciation and Amortisation Expense	6,974.68	3,814.22
Other Expenses	73,911.49	69,268.89
Total Expenses (IV)	167,251.09	162,243.26
V. Profit before exceptional items and Tax (III-IV)	59,434.19	49,105.28
VI. Exceptional Items (Refer Note No.19)	-	3,111.00
VII. Profit Before Tax (V-VI)	59,434.19	45,994.28
VIII. Tax Expense:		
(1) Current Tax	15,795.75	13,254.74
(2) Deferred Tax	545.14	167.62
IX. Profit for the period before Minority Interest (VII-VIII)	43,093.30	32,571.92
X. Minority Interest	(0.63)	74.94
XI. Profit for the period after adjustment of Minority Interest (IX-X)	43,093.93	32,496.98
XII. Earnings per Equity Share: (Face Value of ₹ 2/- each)		
Basic and Diluted (₹)	45.69	34.45

NUMBERS SPEAK

CONSOLIDATED BALANCE SHEET

Particulars	As at 31 st March, 2015 ₹ Lacs	As at 31 st March, 2014 ₹ Lacs
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	1,886.41	1,886.41
(b) Reserves and Surplus	206,474.14	171,997.55
	208,360.55	173,883.96
(2) Minority Interest	773.42	781.01
(3) Non-Current Liabilities		
(a) Long-Term Borrowings	5,507.39	8,671.76
(b) Deferred Tax Liabilities (Net)	2,464.63	1,995.92
(c) Long Term Provisions	898.26	646.05
	8,870.28	11,313.73
(4) Current Liabilities		
(a) Short-Term Borrowings	905.28	325.00
(b) Trade Payables	11,911.45	13,289.94
(c) Other Current Liabilities	10,182.90	11,611.27
(d) Short-Term Provisions	13,876.12	12,084.68
	36,875.75	37,310.89
Total	254,880.00	223,289.59
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	52,979.23	36,515.47
(ii) Intangible Assets	2,165.02	2,349.53
(iii) Capital Work in Progress	4,647.57	9,976.19
(b) Non-Current Investments	0.10	0.60
(c) Long Term Loans and Advances	4,030.17	2,118.15
(d) Other Non-Current Assets	424.14	98.36
	64,246.23	51,058.30
(2) Current Assets		
(a) Current Investments	63,695.70	52,909.35
(b) Inventories	45,963.67	35,077.41
(c) Trade Receivables	39,375.49	43,148.15
(d) Cash and Bank balances	18,679.34	21,976.36
(e) Short-Term Loans and Advances	22,865.03	19,087.70
(f) Other Current Assets	54.54	32.32
	190,633.77	172,231.29
Total	254,880.00	223,289.59



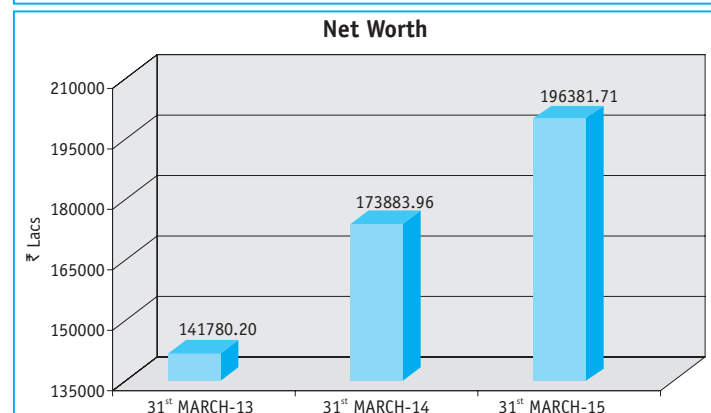
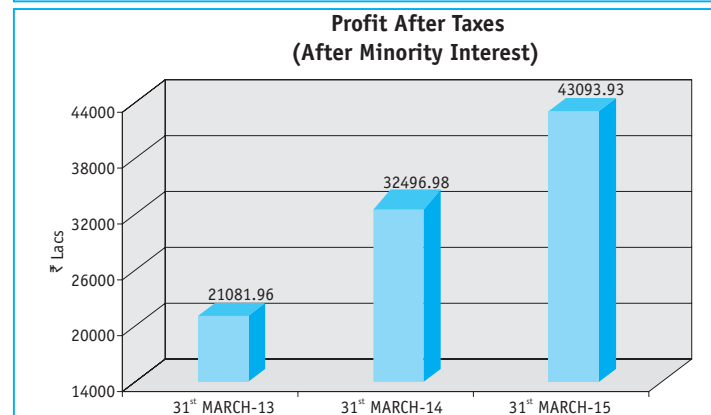
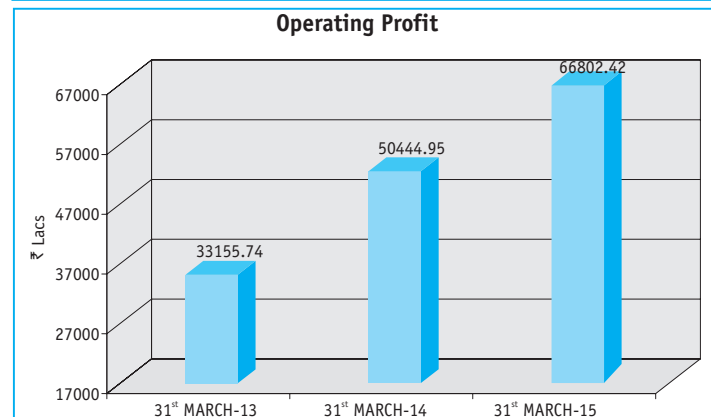
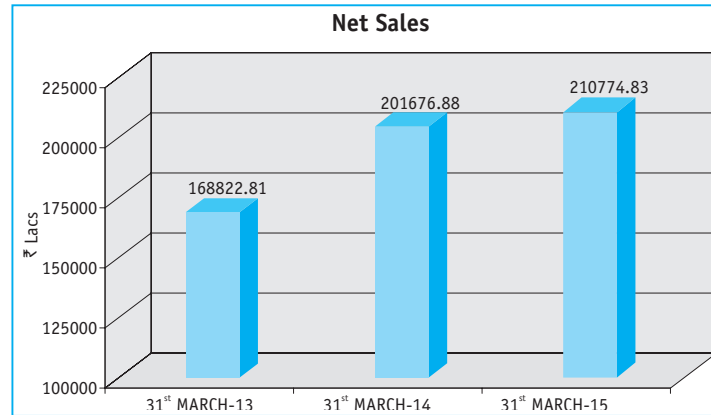
NUMBERS SPEAK

RATIOS (Consolidated)

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
FINANCIAL PERFORMANCE RATIOS %		
Operating Profits	31.69	26.56
PAT / Net Sales	20.45	16.11
Interest / Total Income	0.17	0.31
BALANCE SHEET RATIOS (TIMES)		
Debt / Equity Ratio	0.03	0.05
Current Ratio	5.17	4.62
PER SHARE DATA RATIOS (₹)		
Earning Per Share	45.69	34.45

NUMBERS SPEAK

GRAPHS



**BOARD'S REPORT**

The Members,
AIA Engineering Limited
 Ahmedabad

Your Directors take pleasure in submitting the 25th Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2015.

1. FINANCIAL HIGHLIGHTS:

Particulars	Standalone		Consolidated	
	Year ended 31 st March, 2015 ₹ Lacs	Year ended 31 st March, 2014 ₹ Lacs	Year ended 31 st March, 2015 ₹ Lacs	Year ended 31 st March, 2014 ₹ Lacs
Revenue from operations & Other Income	223,135.20	181,557.14	226,685.28	211,348.54
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	64,625.69	45,785.46	66,802.42	50,444.95
Finance Cost	339.88	574.07	393.55	636.45
Depreciation & Amortization	6,761.45	3,629.48	6,974.68	3,814.22
Profit Before Tax	57,524.36	41,581.91	59,434.19	45,994.28
(i) Provision for Taxation (Current)	15,540.04	12,899.26	15,795.75	13,254.74
(ii) Provision for Taxation (Deferred)	527.13	178.72	545.14	167.62
Total Tax (i+ii)	16,067.17	13,077.98	16,340.89	13,422.36
Profit After Tax	41,457.19	28,503.93	43,093.30	32,571.92
Minority Interest	-	-	(0.63)	74.94
Profit After Tax (After Minority Interest)	41,457.19	28,503.93	43,093.30	32,496.98
Surplus Brought Forward from Previous Year	87,664.19	68,628.21	121,453.30	98,436.66
Balance available for appropriations	129,121.38	97,132.14	164,546.60	131,008.58
Transferred to General Reserve	4,146.00	2,851.00	4,146.00	2,901.00
Proposed Dividend on Equity Shares	7,545.63	5,659.22	7,558.39	5,691.13
Tax on Dividend on Equity Shares	1,534.17	957.73	1,536.77	963.15
Balance Carried to Balance Sheet	115,895.58	87,664.19	151,306.86	121,453.30

2. OPERATIONAL REVIEW:

During the year under review, the Revenue from Operations of the Company has gone up to ₹209,402.79 Lacs as compared to ₹178,301.05 Lacs in the previous Financial Year. Exports Turnover has also gone up to ₹145,529.92 Lacs as compared to ₹122,970.36 Lacs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹57,524.36 Lacs and Profit After Tax (PAT) of ₹41,457.19 Lacs as compared to PBT of ₹41,581.91 Lacs and PAT of ₹28,503.93 Lacs respectively in the previous Financial year.

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹218,363.69 Lacs as compared to ₹208,007.83 Lacs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹43,093.30 Lacs (After Minority Interest) as compared to PAT (After Minority Interest) of ₹32,496.98 Lacs in the previous Financial Year.

BOARD'S REPORT

3. DIVIDEND:

The Board of Directors are pleased to recommend a Dividend of ₹8 (400%) per Equity Share of the face value of ₹2 each amounting to ₹7,545.63 Lacs for the Financial Year 2014-15.

The Dividend, if declared by the Shareholders at the ensuing Annual General Meeting, will be paid to those Shareholders, whose names stand registered in the Register of Members as on 12th September, 2015. In respect of Shares held in dematerialized form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services [India] Limited, as beneficial owners.

The total Dividend outgo for the year ended 31st March, 2015 would be ₹9,079.80 Lacs including the Corporate Dividend Tax of ₹1,534.17 Lacs.

4. CREDIT RATING:

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

5. SHARE CAPITAL:

The paid-up Share Capital of the Company as on 31st March, 2015 is ₹1,886.41 Lacs. During the year under review, the Company has not issued any Share to Shareholders. Further, the Company has not issued Shares with differential voting rights nor granted stock options or sweat equity.

6. FINANCE:

Cash and cash equivalents as at 31st March, 2015 were ₹72,758.47 Lacs. The Company continues to focus on judicious management of its Working Capital, Receivables, Inventories, whole other Working Capital parameters were kept under strict check through continuous monitoring.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the Investments made by the Company are given in the notes to the Financial Statements.

8. CAPITAL EXPENDITURE OUTLAY:

During the year under review, the Company has incurred an expense of ₹28,088.60 Lacs (including ₹4,647.57 Lacs of Capital work-in-progress) on Capital Expenditure.

9. HUMAN RESOURCE POLICY:

The Company gives utmost importance to its Human Resources and believes that employee involvement is crucial to sustaining growth. Our Human Resource policy, therefore, promotes employee engagement at all levels. Organization structure design, role profiles, and goal setting exercise are periodically reviewed and strengthened to inculcate a performance oriented culture in the organization, and afford adequate growth opportunities within the organization. Behavioural training programmes and motivational seminars are regularly organized to keep employees motivated and involved. The employees are also encouraged to participate in sporting events inside and outside the Company to foster team spirit. As a result of all these initiatives, we are able to sustain and strengthen employee's bond with the Company which has resulted in very low attrition rates for many years.

10. BUSINESS PROSPECTS:

Although Cement industry continued to remain sluggish in all key markets during the last financial year, there is an expectation that to stimulate growth in sluggish economies - and in India - respective governments will have to resort to infrastructure spending which will trigger improvement in capacity utilization at Cement plants. The Company will be a beneficiary as and when the same is witnessed. In addition, there are certain specific markets in Asia, Africa and South America, which continue to add capacity or have increased capacity utilization. In China, the Company currently maintains a limited presence by marketing specific products but China continues to remain an important market where we will continue to invest resources and strategize for a bigger market share. In India, while new capacities were created in this segment, the pace has distinctively slowed down. Nevertheless, with the initiatives now being taken to provide stimulus to the Infrastructure Industry, India's cement production is expected to increase in the next financial year and your Company is confident of maintaining a similar growth in the cement replacement market in India.

From a strategic positioning perspective, a significant contribution in your Company's growth is expected to come from the mining industry. The growth prospects are primarily emanating out of the large annual replacement market in this industry. Here, we are currently catering to the requirements of four major metal ore types, viz., Iron, Platinum, Gold and Copper, with total emphasis on the replacement market. Further, your Company is positioned as perhaps the only Company in the world offering complete range of High- Chrome consumables to the mining industry, which include grinding media as well as mining liners. This positioning is unique



BOARD'S REPORT

to your Company and augurs well for the consistent and steady growth in this industry over medium to long term. As the Company is focused on four major ores, the declining fortunes of one commodity do not significantly impact your Company's growth prospects. During last few years, we have steadily increased our presence in the major mining groups across the globe with a stronger focus on major mining centers like Australia, Africa, North America and the Far East Asia, etc. While the current focus of the Company in mining segment is outside India, your Company also has a major share of the domestic mining demand and shall be able to capture incremental demand as and when the same arises.

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

11. FUTURE EXPANSION:

The Company's effective capacity reached 260,000 Metric Tonnes after successful commission of Moraiya brownfield expansion project during 2014-15. We are on target for the capital expenditure plans for Financial Year 2015-16 and will augment the installed capacity to 340,000 MT by commissioning the first of GIDC Kerala Greenfield Project and augmentation of capacity in the Trichy facility. The installed capacity will further be augmented to 440,000 MT when the second phase of the Greenfield expansion in Kerala GIDC is commissioned.

12. SUBSIDIARY COMPANIES:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements as provided under the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries as a single entity as per Annexure-"A".

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

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the Company seeking such information at any point of time.

13. INSURANCE:

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

14. DEPOSITS:

The Company has not accepted any deposit from the Public during the year under review, within the meaning of Section 73 of the Companies Act, 2013.

15. INDUSTRIAL RELATIONS (IR):

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

16. INTERNAL CONTROL AND AUDIT:

The Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operations to ensure that all assets are safeguarded and protected against loss from un-authorized use or disposition and those transactions are authorized, recorded and reported correctly.

The Board of Directors at the recommendations of the Audit Committee appointed M/s. Shah & Shah Associates, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2015-16.

Internal Auditors monitors and evaluates the efficacy and adequacy of Internal Control System in the Company, its compliance with operating systems, accounting procedures, policies at all locations of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

17. CORPORATE GOVERNANCE:

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD'S REPORT

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

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

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

19. RISK MANAGEMENT:

In compliance with the provisions of Clause 49 of the Listing Agreement, the Board of Directors have constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

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

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

The key elements of the framework include:

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

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

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

- Oversight of risk management performed by the executive management:
- Reviewing the Corporate Risk Management Policy and framework within the local legal requirements and Clause 49 of the Listing Agreement;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownerships as per a predefined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

20. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

In compliance with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated a Vigil Mechanism / Whistle Blower Policy (Mechanism) for its Stakeholders, Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct policy.

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

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

21. DIRECTORS:

Mr. Yashwant M. Patel (DIN-02103312), a Whole-Director, of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

On the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meeting held on 7th November, 2014 appointed Mrs. Khushali Samip Solanki (DIN-07008918) and Mrs. Bhumika Shyamal Shodhan (DIN – 02099400) as Additional Directors of the Company who will hold office of Director up to the date of the ensuing 25th Annual General Meeting. Notices have been received from the members proposing their names for appointment as Directors (Non-Independent Non-Executive) liable to retire by rotation.

The Board of Directors of the Company have also appointed Mr. Rajan Harivallabhdas (DIN 00014625) as an Additional Director (Independent) of the Company on 14th May, 2015 who will also hold office of Director upto the ensuing Annual General Meeting of the members of the Company.

The Remuneration and Nomination Committee recommended the Board for the re-appointment / appointment of the above Directors for the approval of members of the Company at the ensuing 25th Annual General Meeting.