

EXCEL CASTRONICS LIMITED

ANNUAL REPORT

FOR THE YEAR

2015-16

REGISTERED OFFICE:

Imperial Heights, B-301/302, 3rd Floor,
Opp. Big Bazar, 150 Feet Ring Road,
Rajkot, Gujarat – 360005.
(o) 0281 258 16 11/13
Email id: excelcastronics@gmail.com
Website: www.excelcastronics.com

AUDITORS:

ASHA D VYAS & CO.
CHARTERED ACCOUNTANTS
RAJKOT.

BANKERS:

HDFC BANK

REGISTRAR AND SHARE TRANSFER AGENT:

PURVA SHAREGISTRY (INDIA) PVT. LTD.
9 - SHIV SHAKTI INDL. ESTATE,
J. R. BORICHA MARG,
OPP. KASTURBA HOSPITAL,
LOWER PAREL (E),
MUMBAI - 400 011.

BOARD OF DIRECTORS:

JAYESH VALLABHAJI MADIYAR

CHAIRMAN AND MANAGING DIRECTOR

PAYAL MADIYAR

NON EXECUTIVE DIRECTOR

VALLABHJI SURJI THACKER

NON EXECUTIVE DIRECTOR

MANALI DOSHI

INDEPENDENT DIRECTOR

DHAVAL DANGER

INDEPENDENT DIRECTOR

COMPANY SECETRAY:

JAYKUMAR NARESH BELANI

CHAIRMAN'S MESSAGE

Dear Members,

Your company has performed well in the financial year 2015-16 in comparison with the previous financial year. The performance of the company has been robust due to high volumes in trading in agriculture commodities. The turnover of the company has been increased and now the management will focus to increase Net profit margin for performing better in the future.

Moreover, the company is entering into new venture for processing of cashew nuts and green cardamom. The Company is aggressively moving ahead for the new venture and expecting to have a rapid growth the in the NPM.

We are very positive for the upcoming business span and appreciates our stakeholders for to have faith in the organization.

Yours faithfully,

For, Excel Castronics Limited

(Jayesh Vallabhaji Madiyar)
Chairman and Managing Director
DIN: 03045045

DIRECTORS' REPORT

Dear Members,

Your Directors feel pleasure in presenting their 24th Annual Report together with the Audited Statements of accounts for the Financial Year ended on 31st March, 2016.

1. FINANCIAL RESULTS:

During the year under review, the Company has shown notable performance. The extracts of financial results 2015-16 are as under:

(Rs. In Lacs)

Particulars	Current Year 2015 - 16 Rs.	Previous Year 2014 - 15 Rs.
Sales & Other Income	7646.86	305.93
Financial Expenses	31.13	0.17
Depreciation	17.73	0.70
Profit / (Loss) Before Taxation	112.84	71.26
Provision for Income Tax	26.28	13.86
Provision for Deferred Tax	8.83	0.15
Profit after Taxation	77.73	57.56
Appropriation for Interim/Final Dividend and Tax thereon	61.07	24.43
Transfer to General Reserve	NIL	NIL
Surplus brought forward	77.73	55.82
Balance Carried to Balance Sheet	167.74	88.95

2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK:

During the year, the company has shown a rapid growth in its business operations. Total Sales & other income of the Company has been increased from Rs. 305.93 lacs of previous year to Rs. 7646.86 lacs during the year under Report. Further, the Net profit of the Company has been increased from Rs. 57.56 lacs of fiscal 2014-15 to Rs. 77.73 lacs during the year under Report. The Board of your Company anticipates more development in the business in the year to come.

3. DIVIDEND:

The Board of Directors of the Company in the Board Meeting held on 27th June, 2016 recommended final dividend of Re. 0.15/- or 7.5 % per equity share of face value of Rs. 2/-. The payment of dividend is subject to approval of Members in the ensuing Annual General Meeting.

DEPOSITS AND LONG TERM BORROWINGS:

During the year, Company has not accepted any Deposits falling within purview of Section 73 of the Companies Act, 2013 read with Rules made thereunder.

The long term borrowings of the Company are within limits of Section 186(1) of the Act, and hence, no special resolution was required to be passed.

A. RELATED PARTIES TRANSACTIONS

During the year, Company has entered in related party transactions as defined under section 188 of Companies Act 2013 which are under the prescribed limits as per the rules framed there under therefore; the company is not required to take approval of members.

4. SUBSIDIARIES AND JOINT VENTURE

Company does not have any subsidiary companies. Company has not made any investment in Joint Venture.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3) of the Companies Act, 2013, in relation to the Financial Statements for FY 2015-16, the Board of Directors states that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2016 and of the profits for the year ended 31st March, 2016;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness was observed.

7. AUDITORS:

STATUTORY AUDITORS:

Members are aware that Mr Vipul Shah, Statutory Auditors of the Company have resigned w.e.f. 04th May, 2016 and the Board recommended appointment of M/s A D Vyas & Co., Chartered Accountants, Rajkot for statutory audit of Financial year 2015-16. The appointment was duly approved by shareholders of the Company by passing the Resolution through postal ballot on 16th June, 2016.

Further, in terms of the provisions of Section 139 of the Act, M/s. A D Vyas & Company, Chartered Accountants (FRN: 113588W) are retiring at the ensuing AGM hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Auditors' report for financial year 2015-16 is self explanatory and forms part of this Annual Report and does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS:

Pursuant to Section 204 of the Companies Act, 2013 read with Rules thereof, the Board of Directors has appointed CS Nayana Chopra Parasmalji, Practicing company secretary bearing Membership no.ACS 32833 & CP No. 12187 as Secretarial Auditors of the Company for FY 2015-16. A Secretarial Audit Report for FY 2015-16 is annexed herewith as **Annexure A**.

8. DIRECTORS AND KEY MANAGARIAL PERSONNEL:

During the year the Board has re-designated Mr. Jayesh Madiyar as Chairman and Managing Director w.e.f. 11th January, 2016, subject to approval of Members at the ensuing Annual General Meeting.

The Company has appointed Mr. Jaykumar Belani as the Company secretary and Compliance officer of the company w.e.f. 11th January, 2016.

The term of office of the following directors is expired under section 161 of the Companies Act, 2013.

1. Mrs. Payal Jayeshbhai Madiyar.
2. Mr. Vallabhaji Surji Thacker.

Mrs. Payal Jayeshbhai Madiyar and Mr. Vallabhaji Surji Thacker are proposed to be appointed as Non Executive Directors of the Company under section 152, 161 and all other applicable provisions of the Companies Act, 2013

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to provisions of section 149(7) of Companies Act 2013, the Company has received declaration from Independent Directors for FY 2015-16 confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

NUMBER OF MEETINGS OF THE BOARD

The Board meets at regular interval with gap between two meetings not exceeding 120 days. Additional meetings are held as and when necessary. During the year under review, the Board met 08 (eight) times on 30.05.2015, 14.08.2015, 09.11.2015, 29.12.2015, 11.01.2016, 02.02.2016, 24.02.2016 and 03.03.2016 respectively.

POLICY ON DIRECTORS' APPOINTMENT

Pursuant to provisions of section 178 read with 134(3) (e) of Companies Act 2013, The Nomination and Remuneration Committee (NRC) has approved the criteria and process for identification / appointment of Directors which are as under:

Criteria for Appointment:

- a) The proposed Director shall meet all statutory requirements and should:
 - Possess highest values, ethics and integrity.
 - Not have any direct or indirect conflict with business operations.
 - Be willing to devote time and efforts.
 - Have relevant experience.
 - Have understanding about corporate functionality.
 - Understand real value of stakeholders.

Process for identification of Directors / Appointment of Directors:

Board Members may suggest any potential person to the Chairman of the Company meeting the above criteria. If the chairman deems fit, recommendation will be made by him to NRC.

- Chairman himself can also recommend a person to NRC.
- NRC shall process and evaluate the proposal and shall submit their recommendation to Board.
- Board shall consider such proposal on merit and decide suitably.

Criteria for Performance Evaluation

The Board considered and approved criteria for performance evaluation of itself , that of its committees and individual directors as follow:

Criteria for Board Evaluation:

- Focus on strategic decisions.
- Qualitative discussion and processes.

Criteria for Committee Evaluation:

- Fulfillment of allotted responsibilities.
- Effectiveness of recommendation, meetings.

Criteria for Independent and Non Independent Directors' evaluation:

- Contribution through their experience and expertise.
- Focus on Stakeholders' interest.

MANNER OF EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Evaluation of Board, its Committees and Individual Directors was carried out as per process and criteria laid down by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

The obtaining and consolidation of feedback from all Directors in this regards, was coordinated by the Chairman of Independent Directors' meeting for Board and Non-Independent Directors while the process of evaluation of the Independent Directors was coordinated by the Chairman of the Company. Based on this, Chairman of the Company briefed the Board and each of the Individual Directors, as applicable.

9. REMUNERATION

REMUNERATION POLICY

The Company has formulated the policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees of the Company which is as under:

a) Components of Remuneration:

The Remuneration of the Directors, key managerial Personnel includes only gross salary and as of now the company does not provide any perquisites or other facility.

b) Annual Appraisal process:

Annual Appraisals are conducted, following which annual increments and promotions in deserving cases are decided once in a year based on:

- Employees self-assessment
- Assessment by Immediate Superior and
- Assessment by Head of Department
- Annual Increment leading to an increase in Fixed Pay consists of
- Economic Rise based on All India Consumer Price Index published by the Government of India or Internal Survey wherein inflation on commonly used items is calculated.

Remuneration of Independent Directors:

The Independent directors have not been paid any remuneration during the year under review.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

- The remuneration ration of managing director to the median remuneration of the employees is 1.67:1.
- There was no increment in the remuneration of Key Managerial Personnel or any director of the company during in financial year.
- There was no increase in the median of remuneration of employees in the financial year.
- The total employee strength of the company as on 31.03.2016 was 16 and it does not include labor and workman.
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10. Audit and risk management:

During the year, the Board decided that the Audit Committee shall also carry out the role of Risk Management and so Audit Committee has been re named as Audit and Risk Management Committee and also changed its terms of reference in this context.

Composition and Attendance of Audit Committee:

Name of Members of Audit Committee	Designation	30.05.2015	14.08.2015	09.11.2015	11.01.16
Mr. Vallabhaji Surji Thacker	Chairman	√	√	√	√
Mrs. Manali Doshi Kalendu	Member	√	√	√	√
Mr. Dhaval Dangar	Member	√	√	√	√

VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy in compliance with Listing Regulations and Companies Act 2013. The Policy empowers all the Stakeholders to raise concerns by making Protected Disclosures as defined in the Policy. The Policy also provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of the Whistle Blower mechanism is reviewed by the Audit Committee on a quarterly basis.

RISK MANAGEMENT POLICY

The Board of Directors has developed and implemented Risk Management Policy for the Company. It has identified and assessed various risks factors, with potential impact on the Company in achieving its strategic objectives or may threaten its existence. The Policy lays down procedures for risk identification, assessment, monitoring, review and reporting. The Policy also lists the roles and responsibilities of Board and Risk Management Committee.

11. ENVIRONMENT, HEALTH AND SAFETY

The Company accords the highest priority to health, environment and safety. The Company does not carry on manufacturing operations. The Company takes at most care for the employees and ensures compliance with the applicable rules and regulation applicable to the Company.

12. CORPORATE GOVERNANCE

As per the new SEBI (Listing Obligation & Disclosure Requirements), Regulations 2015 the corporate governance regulation under same are not applicable to the Company therefore the company is not require to furnish corporate governance report or certificate of auditor for corporate governance.

14. MANAGEMENT DISCUSSION AND ANALYSIS

• INDUSTRY STRUCTURE AND DEVELOPMENT

We are engaged in the business of trading in agriculture commodities majorly supplying of castor seeds as raw material to one of the big organization of Gujarat. Moreover, the company was incorporated in the

year 1992 with the name Ahmedabad Gases Private Limited then it got converted into public company and was engaged in the business of industrial and medical gases.

Further, the company was amalgamated with Excel Castronics Limited and Indus Coils and Plates Limited by arranging a composite scheme of arrangement for revival of Ahmedabad Gases Limited. Then Excel Castronics Limited engaged in the business of trading in castor seeds, castor oil and other agriculture commodities.

Recently, the company is planning to enter into processing business of cashew nuts and cardamom. The Company is also planning to arrange contract farming with the help of farmers and few schedule banks.

- **OPPORTUNITIES AND THREATS**

The company is majorly in the business of trading of castor seeds and castor oil, it is a regular supplier of castor seeds to a giant organization in Gujarat and in the near future we will try to become one of the daily quantitative supplier to the said giant organization.

The Company is planning to set of processing of cashew nuts and cardamom and will create a brand for trading the same in near future, in the same business few small and medium organization are working so the company will have a competitive market for the new business activity.

- **RISKS AND CONCERNS**

The Management of the company time to time reviews the prospective risks i.e. whether it is regulatory, political, environmental, and financial. The Company has its adequate system to ensure compliance with regulatory, statutory and financial matters.

- **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company's internal control systems are commensurate with the nature of its business and the size and complexities of its operations. These systems are designed to ensure that all assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized, recorded and reported.

- **FINANCIAL PERFORMANCE**

The turnover of the company for the year ended 31st March, 2016 was Rs. 76.46 Crore as against the previous year's sales of Rs. 3.05 Crore. The profit after taxation for the year under review was Rs. 77.73 Lacs as compared to Rs. 57.56 Lacs for the preceding year.

- **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT**

The total employee strength of the company as on 31.03.2016 was 16 and it does not include labor and workman.

- **CAUTIONARY STATEMENT**

Statement in this Management Discussion and analysis describing the Company's objective, projects, estimates and expectations may be forward looking statement' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. Several factors could make a significant difference to the Company's operations. These include economic conditions, Government regulations and Tax