



**Nitin Alloys Global Limited**  
**33rd Annual Report**  
**2015-16**



**Board of Directors**

Mr. Nirmal B. Kedia	– Chairman
Mr. Shyamlal K. Agarwal	– Wholetime Director
Mr. Nitin S. Kedia	– Director
Mr. Nipun N. Kedia	– Director
Mr. Deven M. Doshi	– Independent Director
Mr. Arvind B. Jalan	– Independent Director
Ms. Preethi Anand	– Independent-Non Executive Director

**Bankers**

State Bank of India  
Indian Overseas Bank

**Auditors**

*Sandeep Rathil & Associates*  
*Chartered Accountants*

**Legal Advisors**

Narayanan & Narayanan  
Advocate & Solicitor

**Registered Office**

231, 2nd Floor, Rahul Mittal Industrial Premises Co-Op Soc. Ltd.,  
Sanjay Building No. 3, Sir M.V. Road, Andheri (East),  
Mumbai – 400 059.

**Corporate Office**

Prestige Precinct, 3rd Floor,  
Almeida Road, Panchpakhadi,  
Thane (West) – 400 601

**Works**

Plot No. 183/1, Surangi, Silvassa,  
Dadra & Nagar Haveli – 396 230

**Registrar & Share Transfer Agent**

Sharex Dynamic (India) Pvt. Ltd.  
Unit No. 1, Luthra Industrial Premises,  
Andheri-Kurla Road, Safed Pool,  
Andheri (East), Mumbai – 400 072

## Directors' Report

To,  
The Members,

Your Directors have the pleasure in submitting the **Thirty Third Annual Report** on the business and operation of the Company along with the Audited Accounts for the financial year ended 31st March, 2016.

### **Financial Result**

The performance of the Company for the financial year ended 31st March, 2016 is summarized below:

₹ in Lacs

Particulars	Current Year	Previous Year
Total Revenue	3,047.73	4,221.36
Total Expenditure	2,823.31	3,956.60
<b>Earnings before Depreciation and Taxes</b>	<b>224.42</b>	<b>264.76</b>
Depreciation and Amortization	107.29	99.17
<b>Earnings before Taxes</b>	<b>117.13</b>	<b>165.59</b>
Tax expenses including Deferred tax	39.18	54.48
<b>Profit after Taxes</b>	<b>77.95</b>	<b>111.11</b>
Add : Balance brought forward from previous year	1,523.84	1,537.45
Less : Excess Carried Value of Fixed Assets Adjusted	NIL	107.87
<b>Profit after Taxes</b>	<b>1,601.78</b>	<b>1,540.69</b>
Less : Proposed Dividend on Equity Shares (Including Tax on Dividend)	12.67	16.85
<b>Balance carried to Balance Sheet</b>	<b>1,589.11</b>	<b>1,523.84</b>

### **Business Results**

During the year under review, your Company has registered a revenue of ₹3,047.73 Lacs as against ₹4,221.36 Lacs in the previous year. The Profit before taxes in the current year is ₹117.13 Lacs as against ₹165.57 Lacs in the previous year and profit after taxes are ₹77.95 Lacs as against ₹111.09 Lacs in the previous year.

### **Finance:**

Cash and cash equivalents as at March 31, 2016 was ₹29.82 Lacs. The company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### **Dividend**

Your Directors have recommended dividend ₹0.75 per equity share for the financial year ended 31st March, 2016, amounting to ₹10.53 Lacs. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to members whose name appear in the Register of Members as on August 2, 2016 in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

### **Listing of Shares and Dematerialization**

The Company's shares are listed and traded at Bombay Stock Exchange (BSE) and its scrip code is 508875 and ISIN No. INE861H01012

### **Safety**

The Management is committed to ensure safety of its employees, plant and community at all its operations. The safety Management system has been established, communication, involvement, motivation, skill development, training and health have been identified as the key drivers for safe working environment. These initiatives have resulted in reducing the injuries and lost time significantly.

### **Fixed Deposit**

During the year under review, the Company did not raise funds by way of fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

### **Material Changes and Commitments affecting financial position between the end of the financial year and date of the report**

Your Directors at their meeting held on February 6, 2016, have considered and approved a 'Scheme of Arrangement' under Sections 391-394 and other applicable provisions of the Companies Act, 1956 ("the Act"), for demerger of the Casting Business Undertaking carried out by Nitin Castings Private Limited ("NCPL" or "the Demerged Company"), on a going concern basis and vesting of the same into Nitin Alloys Global Limited ("NAGL" or "the Resulting Company"). The Board believes that the demerger will create businesswise segregation of companies thereby ensuring focused management, improved organizational capability and leadership and achieving operational and management efficiency.

The Scheme and relevant documents have been filed with the Bombay Stock Exchange Limited for their approval. The no objection of BSE has been obtained vide their letter dated May 5, 2016. The Scheme has been filed in the High Court of Bombay and directions for convening the 'Court Convened Meeting' of shareholders of the Company for approval of the Scheme has been obtained in the meeting of CCM held on June 20, 2016. The Scheme is subject to approval of Hon'ble High Court of Bombay and various statutory approvals. The copies of the documents in connection with the above have been posted at the website of the Company as well as at the registered office of the Company.

As per the said Scheme:-

- (i) The Casting Business undertaking of NCPL shall be demerged into the Company;
- (ii) The appointed date of the Scheme is 1 April 2015;
- (iii) NCPL will transfer its Casting business undertaking including related properties, investments, intangibles, contracts (including employee contracts) and liabilities to NAGL; and
- (iv) Upon the Scheme becoming effective, the shareholders of NCPL will be allotted 27 equity shares of the Company for every 10 equity share held in NCPL.

### **Directors' Responsibility Statement**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **Directors**

In pursuant to the provisions of the Companies Act, 2013 and the Articles of Associations of the Company, Mr. Nitin Kedia retires by rotation and being eligible, offer himself for re-appointment.

Name	Designation	Qualification	Age & Experience (Years)	Date of Commencement of Employment
Mr. Nitin Kedia	Director	B.E. Mechanical	55/30	10/11/2008

Brief profile of Mr. Nitin Kedia is annexed to the Notice of meeting.

### **Board Meetings**

The Board of Directors met Five times during this financial year. The details of the meetings are elaborated in the Corporate Governance Section of this Report.

### **Declaration of Independence**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Schedules and Rules issued thereunder and under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Board & Committee Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and under Regulation 25 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **Separate Independent Directors' Meetings:**

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Non-Executive Chairman, to discuss issues and concerns, if any.

The Independent Directors met on 31st October, 2015 during the Financial Year ended 31st March, 2016.

### **Familiarization Programme for Independent Directors:**

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The details of the same is available on the website of the Company.

### **Policy on Directors Appointment and Their Remuneration**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### **Statutory Auditors**

**M/s. Sandeep Rathi & Associates, Chartered Accountants, (FRN # 113728W)** are appointed as the Statutory Auditor of the Company to fill the casual vacancy caused due to indisposition of **M/s. Jajodia & Company, Chartered Accountants (FRN #121911W)** to hold office till the term M/s. **Jajodia & Company** was to hold the office.

The Board has further appointed **M/s. Sandeep Rathi & Associates, Chartered Accountants, (FRN # 113728W)** to hold the office of the statutory auditor of the Company from the conclusion of the ensuing Annual General Meeting till the Annual General Meeting to be held in the year 2020 subject to ratification by the shareholder annually and at a remuneration to be fixed by the Board of Directors in consultation with the auditors, plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit.

Further, Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 139 of the Companies Act, 2013.

**Statutory Auditors' Report**

The statutory auditors' report is self-explanatory. It does not require any comment as there is no qualification in reports.

**Secretarial Auditor**

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Kala Agarwal, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company.

**Secretarial Audit Report**

The Secretarial Audit Report contains qualifications, reservations & explanations which are self-explanatory. The same is annexed with this report.

**Extract of Annual Return**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as annexure to the Board's report as Annexure – I.

**Disclosure Relating To Subsidiary Companies/ Associate Companies/ Joint Ventures:**

The Company does not have any Subsidiary Company/Associate Company/Joint Ventures.

However, Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014, Form AOC-1 is annexed to this report as Annexure – II.

**Related Party Transactions:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Pursuant to the provisions of section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, Form AOC-2 is annexed to this report as Annexure – III.

**Internal Audit System**

The Company's internal Auditors had conducted periodic audit to provide reasonable assurance that the Company's established policies and procedure have been followed.

**Internal Control System and Its Adequacy**

The Company has a proper and adequate internal control system for all its activities including safeguarding and protecting its assets against any loss from its unauthorized use or disposition. All transaction are properly documented, authorized, recorded and reported correctly. The Company has well defined Management Reports on key performance indicators. The systems are reviewed continuously and its improvement and effectiveness is enhanced based on the reports from various fields. Normal foreseeable risks to the company's assets are adequately covered by comprehensive insurance.

**Particulars of Employees**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 and the Companies (Particulars of Employee) Rules, 1975, names and other particulars of the employees required are not given as none of the employee is covered under the said provisions of the Act.

**Environment Protection and Pollution Control**

The Company has always been socially conscious corporate, and has always carried forward all its operations and procedures following environment friendly norms with all necessary clearances.

Your Company has taken the following steps towards environment and Ecological balance in manufacturing of Castings.

- Continuous plantation activities in and around the Factory as usual has helped in keeping the environment pollution free.

#### **Conservation of Energy**

The company has taken all possible measures for the conservation of energy by undertaking melting operations in consolidated and economical lot sizes for optimum utilizations of furnace.

#### **Technology Absorption**

The Company's in-house Research and Development Department is engaged in continuous up-gradation to take up the changing market demand and this has been well appreciated by the user industries. The Company has adopted modern technology which has provided cost reduction and improvement in manufacturing processes to maintain highest standard in quality and customer satisfaction.

#### **Industrial Relation**

Cordial industrial relation and improvement in production were maintained at the Company's plant. The management appreciates the support of employees at all level and looks forward to their full co-operation and involvement in years to come.

#### **Foreign Exchange Earning and Outgo**

The information regarding the foreign exchange earnings and outgo is contained in Note no. 1(j) to the Notes to Accounts.

#### **Particulars of Loans, Guarantees or Investments under Section 186**

The Company has not given/ made any loans, guarantees and investments under Section 186 of the Companies Act, 2013.

#### **Corporate Social Responsibility:**

As the Company does not fall in the mandatory bracket for Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013 the Company did not adopt any activity pursuant to the same for the financial year 2015-16.

#### **Share Capital:**

##### **A) Issue of Equity Shares with Differential Rights:**

The Board of Directors has not made any issue of Shares in current financial year.

##### **B) Issue of Sweat Equity Shares:**

No Sweat Equity Shares were issued in current financial year.

##### **C) Issue of Employee Stock Options:**

No Employee Stock Options were issued in current financial year.

##### **D) Provision of Money by Company for Purchase of Its Own Shares by Employees or by Trustees for the benefit of employees:**

No provision is made by Company for purchase of its own shares by employees or by trustees for the benefit of employees.

#### **Vigil Mechanism / Whistle Blower Policy:**

The Company has a vigil mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.



The Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

#### **Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All the Directors and the designated employees have confirmed compliance with the Code.

#### **Management Discussion and Analysis and Corporate Governance Report**

In compliance with various Regulations of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 entered in with the Stock Exchange, a separate section on Management Discussion and Analysis that includes details on the state of affairs of the Company as required to be disclosed in the Directors Report forms part of this Annual Report. Further, the Corporate Governance Report, as approved by the Board of Directors, together with a certificate from the Statutory Auditors confirming the compliances also forms part of Annual Report.

#### **Sexual Harassment of Women at Workplace**

There were no cases of sexual harassment filed during the year under review, in terms of the provision of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **Acknowledgements**

The Directors wish to convey their appreciation to all the Company employees for their enormous personal efforts as well as their collective contribution to Company's record performance.

The Directors would also like to thank their Shareholders, Customers, Dealers, Suppliers, Bankers, Financial Institutions, Government Authorities and all Other Business Associates for the continued support given by them to the Company and their confidence in the Management.

**BY ORDER OF THE BOARD OF DIRECTORS**

**MR. S. L. AGARWAL**  
**WHOLE-TIME DIRECTOR**  
**DIN: 00347757**

Thane, the 5th day of July, 2016

## **Management Discussions and Analysis forming part of Directors' Report for the year ended 31st March, 2016**

### **Industry Structure and Development**

Steel Castings Industry is considered to be the backbone of engineering industry serving Automotive, Agriculture, Mining and Earthmoving Equipment Industry and almost all downstream engineering industry. The FY 2015-16 was challenging with lower growth in industrial production mainly due to continuing high rate of inflation and depreciation of the rupee. These factors had an adverse impact on the economy resulting in lower GDP growth rate. Rising input costs, slow pace of industrial production, infrastructure development and the impact of global slowdown constrained the performance of the industry. In spite of such deficiencies, your company has done well business & earned good profit during the year.

### **Opportunities & threats**

The global economy is reviving from slowdown and would offer better business opportunities in near future. Further, stable government placed in India would indicate positive growth signal for an Indian Industry though in near term some short term challenges. Likely increase in the Government spending towards various infrastructure sectors would create a rise in the demand in several sectors of the economy, of which the company would be a beneficiary. Planning Commission, Government of India, has also emphasized on infrastructure development to achieve GDP growth and this would open new opportunities for the business. The company has incurred major capital expenditure during previous financial years and enhanced new business in investment castings. This would cater demand raised in future.

The higher inflation rate resulting in higher interest rate and hike in commodity prices may adversely affect your Company's financial performance. The Company does not foresee any other threat, as Company is working with modern technology and continues on development of quality products as per the need of market to adverse the risk of slow down.

### **Outlook**

India's growth story was, till recently, quite attractive in comparison with many other developed and developing economies. However, the nation's adverse fiscal deficit and negative current account balance call for some bold rectification measures from the Government. The Government would be focusing on consolidation of the economic recovery through expeditious clearance of existing projects, selective disinvestment and accelerated foreign direct investment through policy reforms. Also, Government's emphasis on infrastructure projects would raise demand from Construction & Mining Equipment Industry in the domestic market. Reforms in global economy indicate positive signal for overseas market. Overall, the market seems to be going on the sluggish pace for the next few months and would have positive note thereafter.

### **Risk and Concerns**

The factors like slowdown in the infrastructure investment can lead to lower order intake. The other factor like power shortages and its cost; increase in labour cost and transportation cost due to petrol/diesel price increase etc. could contribute to inflation. The Company considers good corporate governance as a pre-requisite for meeting the needs and aspiration of its shareholders. The main risk to the Company which may arise is mainly due to Government policies and decisions, Fluctuations in prices of Raw materials, Exchange rate fluctuations, Industry demand etc.

### **Segment or Product wise Performance**

The Company is operating in one segment known as Alloys Steel Castings in the range of static and centrifugal. The product wise comparison is not possible as every product is specific as per order and to the size, shape and alloy mix. Therefore, performance of the Company has to be seen in overall manner and the Company has done reasonably well in the present scenario.

### **Internal control System and their Adequacy**

The Company has developed adequate internal control system commensurate to its size and business. The Company has appointed Internal Auditors, an outside independent agency to conduct the internal audit to ensure adequacy of internal control system, compliance of rules and regulations of the country and adherence to the management policies.