



***A Kedia* ENTERPRISE**

**NITIN CASTINGS LIMITED**

**(Formerly known as Nitin Alloys Global Limited)**

**CIN: L65990MH1982PLC028822**

**34<sup>th</sup> Annual Report  
2016-17**

**Board of Directors**

Mr. Nirmal B. Kedia	–	Chairman and Executive Director
Mr. Shyamlal K. Agarwal	–	Wholetime Director
Mr. Nitin S. Kedia	–	Executive Director
Mr. Nipun N. Kedia	–	Executive Director
Mr. Arvind B. Jalan	–	Independent-Non Executive Director
Ms. Preethi Anand	–	Independent-Non Executive Director
Mr. Ravi Nevatia	–	Independent-Non Executive Director (w.e.f. 1 <sup>st</sup> November, 2016)

**Chief Financial Officer**

Mr. Murlidhar Gupta (w.e.f. 25<sup>th</sup> March, 2017)

**Company Secretary**

Mr. Akshaykumar H. Rao (w.e.f. 1<sup>st</sup> February, 2017)

**Bankers**

State Bank of India  
 ICICI Bank Limited  
 Indian Overseas Bank

**Statutory Auditors**

**Sandeep Rathi & Associates**  
 Chartered Accountants

**Legal Advisors**

Narayanan & Narayanan  
 Advocate & Solicitor

**Registered Office**

202, 2<sup>nd</sup> 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, 3<sup>rd</sup> Floor,  
 Almeida Road, Panchpakhadi,  
 Thane (West) – 400 601

**Works**

- 1) Plot No. 183/1, Surangi, Silvassa,  
 Dadra & Nagar Haveli – 396 230
- 2) Plot No. 410, Almeida Road,  
 Panchpakhadi, Thane (West),  
 Thane – 400 601

**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

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## **DIRECTORS' REPORT**

To,  
 The Members,  
**NITIN CASTINGS LIMITED**

Your Directors have the pleasure in submitting the **Thirty Fourth Annual Report** of your Company together with the Audited Statement of Accounts and the Auditors' Report for the financial year ended 31<sup>st</sup> March, 2017.

### **1. FINANCIAL RESULT**

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2017 is summarized below:

Particulars	Current Year (₹)	Previous Year (₹)
Total Revenue	61,98,49,535	64,64,85,953
Expenditure (excluding Depreciation and Amortization)	56,40,34,892	60,69,47,072
<b>Earnings before Depreciation and Taxes</b>	<b>5,58,14,643</b>	<b>3,95,38,881</b>
Depreciation and Amortization	3,77,57,356	3,87,09,512
<b>Earnings before Taxes</b>	<b>1,80,57,287</b>	<b>8,29,369</b>
Tax expenses including Deferred tax	58,27,733	5,55,225
<b>Profit after Taxes</b>	<b>1,22,29,554</b>	<b>2,74,144</b>
Add : Balance brought forward from previous year	15,13,90,284	15,23,83,507
Less : Proposed Dividend (Including Dividend Tax)	NIL	12,67,367
Less : Tax on regular assessment paid	2,061	NIL
<b>Balance carried to Balance Sheet</b>	<b>16,36,17,777</b>	<b>15,13,90,284</b>

### **2. BUSINESS RESULTS**

During the year under review, your Company has registered a Turnover of ₹61,98,49,535/- as against ₹64,64,85,953/- in the previous year. The Profit before taxes in the current year is ₹1,80,57,287/- as against ₹8,29,369/- in the previous year and profit after taxes are ₹1,22,29,554/- as against ₹2,74,144/- in the previous year.

### **3. FINANCE**

Cash and cash equivalents as at 31<sup>st</sup> March, 2017 was ₹1,40,07,433/-. 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.

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

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management's discussion and analysis is set out in this Annual Report.

### **5. CORPORATE GOVERNANCE**

A report on Corporate Governance along with a Certificate from M/s. Sandeep Rathi & Associates, Chartered Accountants in practice, regarding compliance of the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report. The auditors' certificate for fiscal 2016-2017 does not contain any qualification, reservation or adverse remark.

**6. DIRECTORS & KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of section 149 of the Act, **Mr. Ravi Nevatia** (DIN: 07200190) was appointed as the Additional Independent Director w.e.f. 1<sup>st</sup> November, 2016 for a term of five years. He had submitted a declaration stating that he meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect his status as independent director during the year.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, **Mr. Shyamlal Agarwal** (DIN: 00347757) retires by rotation and being eligible has offered himself for re-appointment.

Also, **Mr. Akshaykumar Rao** was appointed as the Company Secretary of the Company with effect from **1<sup>st</sup> February, 2017** and **Mr. Murlidhar Gupta** was appointed as the Chief Financial Officer of the Company with effect from **25<sup>th</sup> March, 2017**.

Pursuant to the provisions of Section 203 of the Act, the **key managerial personnel** of the Company are – **Mr. Shyamlal Agarwal** - Whole Time Director, **Mr. Murlidhar Gupta** - Chief Financial Officer and **Mr. Akshaykumar Rao** - Company Secretary.

**7. DIVIDEND**

Your Directors have recommended a dividend of **₹1/-** per equity share (**10%**) for the financial year ended 31<sup>st</sup> March, 2017, amounting to ₹25.70 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 **1<sup>st</sup> August, 2017** 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.

**8. 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**

**9. RISK MANAGEMENT**

During the year, the company has developed and implemented Risk Management Policy consistent with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to identify the elements of risk which may threaten the existence of the Company and possible solutions to mitigate the risk involved.

**10. FIXED DEPOSITS**

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.

**11. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT**

Your Company had entered into a Scheme of Arrangement (the Scheme) between Rajshila Construction Private Limited (earlier known as Nitin Castings Private Limited) and their Respective Shareholders for the demerger of Castings Business from Rajshila Construction Private Limited into the Company and the same was approved by the Hon'ble High Court on 13<sup>th</sup> October, 2016. The abovementioned Scheme was made effective on 15<sup>th</sup> December, 2016.

Pursuant to the Scheme, your Company was required to issue and allot equity shares to the shareholders, appearing in the books of Rajshila Construction Private Limited as on the Record Date fixed by the Board of Directors of both the companies i.e. 4<sup>th</sup> February 2017, in the ratio prescribed in the Scheme. The relevant clause indicating the swap ratio is reproduced below:

**Consideration payable to Equity Shareholders:**

“10 (Ten) fully paid up New Equity Share of ₹10 (Rupees Ten) each of Nitin Castings Limited (Formerly known as Nitin Alloys Global Limited) shall be issued and allotted for every 27 (Twenty Seven) fully paid up equity shares of ₹10/- (Rupees Ten) each held in Rajshila Construction Private Limited (earlier known as Nitin Castings Private Limited)”

The Board of Directors of your Company at its meeting held on **4<sup>th</sup> February, 2017** issued and allotted 11,66,667 equity shares of face value ₹10/- each to the shareholders of Rajshila Construction Private Limited.

Further, in order to give effect to the allotment, your Company filed Form PAS-3 (Return of allotment) on **7<sup>th</sup> February, 2017**. Accordingly, the Paid up Equity Share Capital of the Company was increased from ₹1,40,40,000/- to ₹2,57,06,670/-.

Post the ROC filings, your Company made an application to BSE Limited for listing of these shares, i.e. **11,66,667** equity shares. Since the Scheme provided that fractional entitlement if any had to be ignored for the purpose of issue and allotment of shares, BSE granted approval for listing of only **11,66,665** equity shares. **2 (two)** shares were issued and allotted erroneously due to rounding off in the excel file (without any formula for rounding off being put by NCL).

Post submissions made to BSE, approval was granted to list only **11,66,665** shares on the stock exchange. Accordingly, the paid-up capital on BSE website would be reflected as ₹2,57,06,650/-.

Due to the above rounding off error, amount equivalent to 2 (two) equity shares i.e. ₹343/- (Rupees Three Hundred and Forty Three only) is proposed to be adjusted against the Goodwill Account created pursuant to the accounting treatment provided in the Scheme.

Hence the Paid up Share Capital of your Company stands as on date ₹2,57,06,650/- divided into **25,70,665** equity shares of ₹10/- each.

**12. 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 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 the end of the financial year and of the profit and loss of the company for that period;
- (c) 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;
- (d) the Directors have 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.

**13. BOARD MEETINGS**

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

**14. 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.

**15. 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.

**16. 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 **28<sup>th</sup> February, 2017** during the Financial Year ended 31<sup>st</sup> March, 2017.

**17. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The Company proactively keeps its Independent 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.

**18. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Your Company believes in conducting its affairs in a fair and transparent manner while maintaining high standards of governance, personal ethics and seeks to induce and recognize the virtues of honesty, integrity and accountability with ethical behavior and adherence to laws, amongst its employees in the course of discharge of their duties and responsibilities. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee.

**19. 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.

**20. AUDIT COMMITTEE**

The details pertaining to composition of audit committee is included in the Corporate Governance Report which forms part of Annual Report.

**21. STATUTORY AUDITORS**

The Board had 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 **Thirty Third 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.

**22. STATUTORY AUDITORS' REPORT**

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

**23. 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 **Ms. Kala Agarwal**, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company.

**24. SECRETARIAL AUDIT REPORT**

The Secretarial Audit Report contains qualifications, reservations & explanations as following. The same is annexed with this report.

**Explanation by the Company:**

The Company had declared Dividend in the Annual General Meeting held on Monday, 8<sup>th</sup> August, 2016 and the unclaimed amount was transferred to the special Account. However, the requisite Form IEPF-2 was filed with Registrar of Companies only by 5<sup>th</sup> June, 2017.

**25. 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.

**26. 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.

**27. PARTICULARS OF CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES**

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.

**28. 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.

**29. 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.



**30. 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.

**31. 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.

**32. 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.

**33. 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.

**34. 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.

**35. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are NIL as on 31st March, 2017.

**36. 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 2016-17.

**37. SHARE CAPITAL**

**a) Issue of Equity Shares:**

The Board of Directors has allotted **11,66,665 Equity Shares of ₹10/-** face value 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.



**38. 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.

**39. 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

**FOR NITIN CASTINGS LIMITED**

**NIPUN KEDIA  
DIRECTOR  
DIN: 02356010**

**THANE, 10<sup>TH</sup> DAY OF JUNE, 2017**

BY ORDER OF THE BOARD OF DIRECTORS

**FOR NITIN CASTINGS LIMITED**

**SHYAMLAL AGARWAL  
WHOLE-TIME DIRECTOR  
DIN: 00347757**

**Management Discussions and Analysis forming part of  
Directors' Report for the year ended 31<sup>st</sup> March, 2017**

**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 2016-17 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