



***A Kedia* ENTERPRISE**

**NITIN CASTINGS LIMITED**

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

**CIN: L65990MH1982PLC028822**

**35<sup>th</sup> Annual Report  
2017-18**

**Board of Directors**

Mr. Nitin S. Kedia	–	Chairman and Managing Director
Mr. Shyamlal K. Agarwal	–	Wholtime Director
Mr. Nirmal B. 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

**Chief Financial Officer**

Mr. Murlidhar Gupta

**Company Secretary**

Mr. Akshaykumar H. Rao

**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. 7, Survey No. 679/1, Village-Karvad, Taluka-Vapi, District-Valsad, Gujarat - 396195
- 2) Plot No. 183/1, Surangi, Silvassa, Dadra & Nagar Haveli – 396 230
- 3) 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

<b>Contents</b>	<b>Page No.</b>
Directors' Report .....	1
Management Discussions and Analysis .....	7
Corporate Governance .....	9
Certificate Directors .....	17
Certificate Auditors .....	19
MGT-9 - Annual Return .....	20
AOC-1 & AOC-2 .....	29,30,31
Secretarial Audit Report .....	32
Auditors Report .....	36
Balance Sheet .....	43
Profit And Loss Statement .....	44
Cash Flow .....	45
Notes To Accounts .....	49
Notice .....	91
Attendance Slip .....	103
Map .....	104
Proxy .....	105
Ballot Form .....	107

## **DIRECTORS' REPORT**

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

Your Directors have the pleasure in submitting the **Thirty Fifth 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, 2018.

### **1. FINANCIAL RESULT**

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2018 is summarized below:

(Rs. in lakhs)

Particulars	Current Year (₹)	Previous Year (₹)
Total Revenue	6,024.45	6,932.21
Expenditure (excluding Depreciation and Amortization)	5,549.40	6,381.48
<b>Earnings before Depreciation and Taxes</b>	<b>475.05</b>	<b>550.73</b>
Depreciation and Amortization	386.15	377.57
<b>Earnings before Taxes</b>	<b>88.90</b>	<b>173.16</b>
Tax expenses including Deferred tax	4.64	55.49
<b>Profit after Taxes</b>	<b>84.26</b>	<b>117.67</b>
Add : Balance brought forward from previous year	1,642.35	1,517.58
Add : Other Comprehensive Income	13.95	7.12
Less : Proposed Dividend (Including Dividend Tax)	31.09	-
Less : Tax on regular assessment paid	-	0.02
<b>Balance carried to Balance Sheet</b>	<b>1,709.47</b>	<b>1,642.35</b>

### **2. BUSINESS RESULTS**

During the year under review, your Company has registered a Turnover of Rs. 6,024.45 Lakhs as against Rs. 6,932.21 Lakhs in the previous year. The Profit before taxes in the current year is Rs. 88.90 Lakhs as against Rs. 173.16 Lakhs in the previous year and profit after taxes are Rs. 84.26 Lakhs as against Rs. 117.67 Lakhs in the previous year.

### **3. FINANCE**

Cash and cash equivalents as at 31st March, 2018 was Rs. 197.22 Lakhs. 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 2017-2018 does not contain any qualification, reservation or adverse remark.

**6. DIRECTORS & KEY MANAGERIAL PERSONNEL**

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

**7. DIVIDEND**

Your Directors have recommended dividend Rs. 1/- per equity share (10%) for the financial year ended 31st March, 2018, amounting to Rs. 25.71 Lakhs. 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 1st August, 2018 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**

There are no material changes affecting the financial position from the end of Financial Year i.e. 31st March, 2018 till date.

**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 Five 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 **30th March, 2018** during the Financial Year ended 31st March, 2018.

**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** and at a remuneration to be fixed by the Board of Directors in consultation with the auditors, plus 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 does not contain any qualifications, reservations & explanations.

**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. 41** 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 31.03.2018.

**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 2017-18.

**37. SHARE CAPITAL**

**a) Issue of Equity Shares:**

No Equity Shares were issued 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, 30TH DAY OF MAY, 2018**

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, 2018**

**Industry Structure and Development**

India is the world's third-largest casting producer after China and the U.S. While China accounts for 40% of the world's 105 million tonnes casting production, the U.S. and India each do between 11 and 12 million tonnes per year. With manufacturing gradually picking up and several emerging sectors opening up new opportunities, the more than \$18 billion Indian foundry or casting industry is looking to double growth rates. 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 2017-18 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. A couple of years ago, the industry was passing through a tough time with many units shutting down due to lack of business. But now, there is optimism. 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**

In the future there are more opportunities and people have understood that they would focus on technology as new opportunities are going to provide growth. Though the industry is hit by demonetisation and the effect of GST is yet to come, still, there is a sense of positivity. With the opportunities, there are possibility of doubling the growth targets.

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.

### **Financial Performance with respect to Operational Performance**

During the year under review, your Company has registered revenue of **Rs. 6,024.45 Lakhs** as against **Rs. 6,932.21 Lakhs** in the previous year. The Profit before taxes in the current year is **Rs. 88.90 Lakhs** as against **Rs. 173.16 Lakhs** in the previous year and profit after taxes are **Rs. 84.26 Lakhs** as against **Rs. 117.67 Lakhs** in the previous year.

### **Goal**

The main goal of the company to set and achieve highest standard in performance and quality. The goal is to align all sections of the organization internally to generate even better customer value propositions and returns for share holders. The goal is also to set and maintain high safety and environment norms for the company.

### **Human Resources**

Human resources are integral and important part for the Company. It has put in place sound policies for the growth and progress of its employees. During the year, Company maintained harmonious and cordial industrial relations. No man days were lost due to strike, lock out etc.

Disclosure by the Senior Management Personnel i.e. one level below the Board including all HOD's

None of the Senior Management Personnel has financial and commercial transaction with the Company, where they have personal interest that would have a potential conflict with the interest of the Company at large.

### **Cautionary statement**

The statements in this management discussion and analysis describing the outlook may be “forward looking statement” within the meaning of applicable laws and regulations. Actual result might differ substantially or materially from those expected due to the developments that could affect the company's operations. The factors like significant change in political and economic environment, tax laws, litigation, technology, fluctuations in material cost etc. may deviate the outlook and result.

## **Report on Corporate Governance forming part of Director's Report**

### **A Brief Statement On Company's Philosophy on Code of Corporate Governance:**

Corporate Governance is the combination of voluntary practice and compliance of laws and regulations leading to effective control and management of the affairs of the Company.

The aim of "Good Corporate Governance" is to manage affairs of the company in a transparent manner in order to maximise long-term value of the Company for the benefit of its shareholders and all other stakeholders.

Corporate governance provides a structure that works for the benefit of everyone concerned, by ensuring that the enterprise adheres to ethical standards, laws and accepted best practices. It imbibes the basic business ethics and values that need to be adhered to in letter and spirit. A transparent, ethical and responsible corporate governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the culture of the organisation.

The Company believes that good corporate governance contemplates that corporate action balance the interest of all stakeholders and satisfies the tests of accountability, transparency and fair play. The Company gives high priority to core value and ethics and believes that all its operations and actions must be directed towards overall share holder value. The company constantly strives towards betterment of these aspects and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society as a whole.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a code of conduct for its employees including the executive directors. In addition, the Company has adopted a code of conduct for its non-executive directors and independent directors and senior management personnel. These codes are available on the Company's website. The Company believes that it shall go beyond adherence to regulatory framework. Our corporate structure, business, operations and disclosure practices have been strictly aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to the Company's functioning. It also believes in system driven performance and performance oriented systems.

The demand for corporate governance requires maximizing long term value of the stake holders and of the Company along with protecting interest of minority shareholders. It also ensures professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with highest standard of ethics. The Company strives to adopt world class operating practices.

### **BOARD OF DIRECTORS:**

The total strength of the Board as on 31st March, 2018 were Seven Directors, The composition as detailed herein below:

Sr. No.	Name	Nature of Directorship	As on 31st March 2018		
			Directorship in Other Companies	Committee Member in other Companies	Committee Chairman in Other Companies
1	Mr. Nitin Kedia	Executive Chairman and Managing Director	3	1	0
2	Mr. Nirmal Kedia	Executive Director	5	0	0
3	Mr. Shyamlal Agarwal	Whole-time	0	0	0