

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the **Thirty Fifth** Annual General Meeting of the Members of Nelcast Limited will be held on Thursday, the 3<sup>rd</sup> day of August 2017 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur-524101, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend for the financial year 2016-17.
3. To appoint a Director in the place of Mr. P. Vijaya Bhaskar Reddy (holding DIN: 00020592), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. K. NAGARAJU & ASSOCIATES, Chartered Accountants (Firm Registration No.002270S), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of section 141 of the Act, and rule 4 of the rules, be and are hereby appointed as Statutory Auditors of the company, in place of M/s. REDDY A V & CO, Chartered Accountants (Firm Registration No. 003256S), the retiring auditors for a term of five years from the conclusion of 35<sup>th</sup> Annual General Meeting until the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company to be held in 2022 subject to ratification of the appointment at every Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to any other approval as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. P. Vijaya Bhaskar Reddy (holding DIN: 00020592) as Deputy Managing Director of the Company for a period of five years from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022 and for the payment of his remuneration, allowances and perquisites as detailed below and as approved at the meeting of the Board of Directors and recommended by the Nomination & Remuneration Committee.”

Period	:	5 Years from 01.04.2017 to 31.03.2022.
Salary	:	Basic Salary of ₹ 3,27,000/- per month Special Allowance of ₹ 50,000/- per month

**Perquisites :**

- (i) Housing: Free furnished residential accommodation, owned or leased out by the Company or House Rent Allowance subject to a ceiling of 50% of the Basic Salary.
- (ii) Medical Reimbursement: Reimbursement of expenses incurred for self and family including premium for medical insurance.
- (iii) Personal Accident Insurance: Personal Accident insurance premium shall not exceed ₹ 10000/- per annum.
- (iv) Contribution to funds: Company's contribution towards Provident Fund and Superannuation Fund will be as per the scheme of the Company. Gratuity as per the rules of the company, not exceeding half a month's salary for each completed year of service.
- (v) Car shall be provided for use on company's business and telephone at residence for business purpose.
- (vi) Fees of Club allowed for one Club.

A special incentive of Rupees Twenty Four lakhs per annum shall also be paid.

Increment of not more than 20% per annum may be paid during his tenure.

Termination: The contract of service with the Dy. Managing Director can be terminated by either party by giving three calendar months notice.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the Dy. Managing Director shall be paid a minimum remuneration as specified above and same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), payment of remuneration of ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand Only) (apart from re-imbursement of out-of-pocket expenses if any) to M/s.Jayaram & Associates, Cost Auditors for conducting the cost audit of the Company for the financial year ending 31<sup>st</sup> March 2018, be and is hereby approved and ratified."

Place: Chennai

Date : 24<sup>th</sup> May 2017

**Registered Office**

No. 34, Industrial Estate,  
Gudur, Andhra Pradesh - 524 101.  
CIN: L27109AP1982PLC003518

**By Order of the Board**

**S.K. Sivakumar**  
Head-Group Finance &  
Company Secretary

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The final dividend of ₹ 0.90 per share has been recommended by the Board of Directors for the year ended 31<sup>st</sup> March 2017, which is subject to the approval of the shareholders at the ensuing Annual General Meeting.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. The Company has notified closure of Register of Members and Share Transfer Books from 29<sup>th</sup> July 2017 to 3<sup>rd</sup> August 2017 (both days inclusive).
6. The proxy form duly completed should be deposited at the Registered Office of the Company/ Office of the Share Transfer Agent not later than 48 hours before the commencement of the meeting.
7. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
9. Members are requested to update their preferred e-mail ids with the Depository Participants / Company's Registrar and Transfer Agents, which will be used for the purpose of sending the official documents through e-mail in future. The RTA address is given below:

M/s. Bigshare Services Pvt. Ltd.  
 1<sup>st</sup> Floor, Bharat Tin Works Building,  
 Opp. Vasant Oasis, Makwana Road, Marol,  
 Andheri (East), Mumbai - 400059  
 Ph: 022-62638200 Fax: 022-62638299  
 E-mail: investor@bigshareonline.com

10. Corporate Members / FIIs / Financial Institutions intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution / such other documents authorising their representatives to attend and vote at the Annual General Meeting well in advance.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
13. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays, between 11 AM and 1 PM up to the date of the Meeting.
14. Pursuant to the provisions of Section 124 read with Section 125 of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force) the amount of dividend remaining unpaid for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. Members who have not encashed their dividend are requested to contact the Company's Registrar and Share Transfer Agent for payment in respect of the unclaimed dividend. The amount so transferred cannot be claimed from the Company.
15. Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the company is providing / hosting the required details of unclaimed amount referred to under section 124 of the Companies Act, 2013 on its website and also on the website of the ministry of Corporate Affairs (MCA) viz., [www.iepf.gov.in](http://www.iepf.gov.in).
16. Members may also note that the Notice of the 35<sup>th</sup> Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website [www.nelcast.com](http://www.nelcast.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

#### 17. **Re-Appointment of Directors:**

At the forthcoming Annual General Meeting, Mr. P. Vijaya Bhaskar Reddy, Director retires by rotation and being eligible offers him-self for re-appointment, information or details pertaining to his appointment is furnished.

**Details of Director seeking Re-Appointment at the Annual General Meeting  
(Pursuant to Regulation 36(3) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

Mr. P. Vijaya Bhaskar Reddy aged about 61 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 36 years of experience in finance and accounts and also in business management.

#### **Details of other Directorships/Committee Memberships held by him:**

<b>Directorship</b>	<b>Committee Membership</b>
NC Energy Limited	Nomination & Remuneration Committee Audit Committee
Ponnas Infrastructure Private Limited	Nil

#### 18. **Voting through electronic means:**

- In compliance with provisions of Section 108 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to offer e-Voting facility to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-Voting to enable the Shareholders to cast their votes electronically.
- Mr. P. R. Lakshmi Narayanan, Practising Company Secretary, Chennai has been appointed as the Scrutinizer for conducting the e-Voting Process / Postal Ballot Process in a fair and transparent manner.

The instructions for Shareholders on e-Voting are as under:

**A. In case of Shareholders' receiving e-mail from NSDL:**

- i. Open e-mail and open PDF file viz., "Nelcast e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- iii. Click on Shareholder - Login.
- iv. Enter the user id and password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of e-Voting opens. Click on e-Voting: Active e-Voting Cycles.
- vii. Select "EVEN" of Nelcast Ltd.
- viii. Now you are ready for e-Voting as Cast Vote Page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolutions, you will not be allowed to modify your vote.
- xii. For the votes to be considered valid, then institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution / Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [scrutinizernelcast@gmail.com](mailto:scrutinizernelcast@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**B. In case of Shareholders' receiving the physical copy of the Notice of AGM:**

- i. Initial password is provided as below at the bottom of the Postal Ballot Form.

EVEN	USER ID	PASSWORD/PIN

- ii. Please follow all steps from S. No. (ii) to S. No. (xii) above, to cast vote.

**C. In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)**

**D. If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password / PIN for casting your vote.**

- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s). Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.
- F. The e-Voting period for e-Voting module commences on 31<sup>st</sup> July 2017 @ 9.00 AM and ends on 2<sup>nd</sup> August 2017 @ 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date (record date) of 27<sup>th</sup> July 2017, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once, the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- G. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 27<sup>th</sup> July 2017.
- H. Member who has already exercised their voting through Remote e-Voting can attend the Annual General Meeting but cannot vote again.
- I. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 27<sup>th</sup> July 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Toll Free no.: 1800-222-990.
- J. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e Voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- K. The Results declared along with the Scrutinizer's Report shall be placed on the Company's Website [www.nelcast.com](http://www.nelcast.com) and on the website of NSDL within 2 days of passing of the Resolutions at the 35<sup>th</sup> AGM of the company and communicated to the stock exchanges where the shares of the Company are listed.

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5 and 6 of the accompanying Notice dated 24<sup>th</sup> May 2017.

#### **Item No. 5**

Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director has been holding office since 1<sup>st</sup> April 2014 and in terms of his appointment, it expired on 31<sup>st</sup> March 2017.

The Remuneration Committee at its meeting held on 12<sup>th</sup> February 2017 and the Board of Directors at its meeting held on 13<sup>th</sup> February 2017 has re-appointed Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director for a further period of five years with effect from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2022.

The approval of the members is being sought for the re-appointment of Mr. P. Vijaya Bhaskar Reddy as the Dy. Managing Director of the Company for a period of five years effective from 1<sup>st</sup> April 2017.

Further the members are requested to note that the reappointment of Mr. P. Vijaya Bhaskar Reddy as the Dy. Managing Director is in compliance with the sections 196, 197, 203 and the Rules made thereunder read with Schedule V of the Companies Act, 2013 and other relevant and applicable provisions if any of the Companies Act, 2013 and subject to the approval of members at the General Meeting of Company. In light of the said provisions, you are requested to accord your approval to the reappointment of Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director on the above terms and conditions.

#### **Minimum Remuneration:**

Notwithstanding anything herein contained, where in any financial year during the period of his office as Dy. Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr. P. Vijaya Bhaskar Reddy remuneration by way of salary, allowances, perquisites not exceeding the maximum limits laid down in Section II of Part II of Schedule V of the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. P. Vijaya Bhaskar Reddy.

Mr. P. Vijaya Bhaskar Reddy aged about 61 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 36 years of experience in finance, accounts and also in business management. He is member of the Audit Committee and Stakeholders Relationship Committee of the Company.

Mr. P. Vijaya Bhaskar Reddy holds 10,00,000 shares in the Company. Details of other Directorships/ Committee Memberships held by him.



**Details of other Directorships/Committee Memberships held by him:**

Directorship	Committee Membership
NC Energy Limited	Nomination & Remuneration Committee Audit Committee
Ponnas Infrastructure Private Limited	Nil

Copy of the Agreement referred to in the Resolution would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends Ordinary Resolution set out at item No. 5 of the accompanying Notice for the approval of the Members.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms and conditions governing the appointment and remuneration and memorandum of interest pursuant to Section 190 of the Companies Act, 2013.

**Memorandum of Interest:**

Except Mr. P. Vijaya Bhaskar Reddy, being an appointee, no other Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Listing Obligation with the Stock Exchanges.

**Item No. 6:**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors amounting to ₹ 1,20,000/- per annum, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the Shareholders of the Company and hence the Resolution.

The Board of Directors recommends the resolution for your approval as set out under Item No. 6.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

Place: Chennai

Date : 24<sup>th</sup> May 2017

**Registered Office**

No. 34, Industrial Estate,  
Gudur, Andhra Pradesh - 524 101.  
CIN: L27109AP1982PLC003518

**By Order of the Board**

**S.K. Sivakumar**  
Head-Group Finance &  
Company Secretary

# ROUTE MAP TO AGM VENUE

AGM VENUE:  
P.V.R. KALYANA MANDAPAM,  
NEAR R.T.C. BUS STAND,  
GUDUR - 524 101,  
ANDHRA PRADESH



RTC BUS STAND

HDFC BANK

SAIBABA TEMPLE

TOWARDS GUDUR RAILWAY STATION &  
GUDUR TOWN

GUDUR JUNCTION

NELLORE, VIJAYAWADA

NH - 16

CHENNAI

(Map not to scale)

## **BOARD OF DIRECTORS**

**Mr. D. Sesha Reddy**  
Chairman

**Mr. P. Deepak**  
Managing Director

**Mr. R. Mohan Reddy**  
Director

**Mr. A. Balasubramanian**  
Director

**Ms. P. Divya**  
Director

**Mr. P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

## **HEAD - GROUP FINANCE & COMPANY SECRETARY**

**Mr. S.K. Sivakumar**

## **AUDITORS**

REDDY A V & CO  
Chartered Accountants  
206, Srinilaya Estates, Ameerpet,  
Hyderabad - 500 073

## **BANKERS**

State Bank of India  
Standard Chartered Bank  
HSBC Ltd.  
Kotak Mahindra Bank Ltd.  
HDFC Bank Ltd.

## **REGISTERED OFFICE**

34, Industrial Estate, Gudur - 524 101  
Ph : 08624-251266/766, Fax: 08624-252066  
CIN: L27109AP1982PLC003518

## **CORPORATE OFFICE**

159, T.T.K. Road, Alwarpet, Chennai - 600 018  
Ph : 044-24983111/4111, Fax: 044-24982111  
Email: nelcast@nelcast.com  
Website: www.nelcast.com

## **PLANTS**

### **1. Gudur Unit:**

34, Industrial Estate, Gudur - 524 101  
Ph : 08624-251266/766, Fax: 08624-252066

### **2. Ponneri Unit:**

Madhavaram Village, Amur Post, Ponneri - 601 204  
Ph : 044-27974165/1506, Fax: 044-27973620



# Annual Report 2016 - 17

Annual  
Report  
2016 - 17

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## DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Fifth Annual Report along with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2017:

<b>PERFORMANCE</b>	(₹ in Lakhs)	
<b>FINANCIAL RESULTS</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Total Revenue</b>	<b>57,910.44</b>	<b>56,278.61</b>
<b>PBIDT</b>	<b>6,857.87</b>	<b>6,601.43</b>
<b>Profit Before Tax (PBT)</b>	<b>4,900.34</b>	<b>4,619.23</b>
Less: Provision for Tax	1,501.95	1,432.30
<b>Profit After Tax (PAT)</b>	<b>3,398.39</b>	<b>3,186.93</b>
Add: Profit brought forwarded from previous years	4,494.59	4,145.36
<b>Profit Available for Appropriation</b>	<b>7,892.98</b>	<b>7,332.29</b>
<b>Less: Appropriations</b>		
Interim Dividend on Equity Shares	-	348.00
Distribution Tax on Interim Dividend	-	70.85
Final Dividend on Equity Shares	783.01	348.00
Distribution Tax on Final Dividend	159.40	70.85
General Reserve	2,000.00	2,000.00
<b>Surplus Carried to Balance Sheet</b>	<b>4,950.57</b>	<b>4,494.59</b>

### DIVIDEND

Your Directors recommend a final dividend of 45% (₹ 0.90 per share) for the financial year 2016-17. Payment of dividend is subject to the approval of shareholders at the ensuing Annual General Meeting.

### OPERATIONS

During the year, the Company recorded Net Sales of ₹ 574.56 crores as against ₹ 560.70 crores in 2015-16, an increase of about 2.47%. Profit After Tax made during the year is ₹ 33.98 crores compared with ₹ 31.87 crores in 2015-16, an increase of about 6.62% compared with previous year. The production during the year was 73088 MT, compared to the previous year's 73592 MT.

During the year, the sales of the Company has increased marginally due to moderate improvement in Medium and Heavy Commercial Vehicle Industry. However, there was no significant increase in total sales due to slow down in the Tractor Industry during second half of the year.

### OUTLOOK

Indian automotive industry has registered a moderate growth in the last few years and showing signs of revival in the coming years. OEMs are launching new models with additional functionalities and features to attract customers. Long term outlook remains positive for the automotive industry with all major global players having base in India for manufacturing, global sourcing as well as engineering. Regular product launches planned by OEMs will keep customer excitement levels and create demand and is favourable for overall industry growth. India is now a supplier of a range of high value and critical automobile components to global auto market.

## **DIRECTORS' REPORT – (Contd.)**

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Company has prepared Consolidated Financial Statements of Nelcast Limited and its subsidiary NC Energy Limited as at 31<sup>st</sup> March 2017, in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. As required by the Listing Regulations, the audited Consolidated Financial Statements are circulated with the Annual Report.

### **SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

In terms of Section 129(3) of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014, the salient features of the financial statements of subsidiary company is set out in the prescribed form AOC-1, which is annexed with this report as Annexure-B. The Company will make available the audited annual accounts and related information of its subsidiary, upon request by any of its shareholders. The annual accounts of the subsidiary company will also be kept for inspection, by any member at the Registered Office of the Company and its subsidiary company. The consolidated financial statements presented by the Company, which form part of this annual report, include financial results of its subsidiary company.

### **QUALITY AND CUSTOMER SATISFACTION**

The Company adheres to the TS 16949 norms, and continuously strives to achieve world class quality by strictly adhering to the quality standards. The Company has been awarded ISO 14001 & 18001 for Environmental Management Systems.

The Company has been receiving continuous support from its OEM customers like Tata Motors, Ashok Leyland, TAFE, Eicher Tractors (TMTL), Mahindra & Mahindra, Volvo-Eicher Commercial Vehicles, SAME Tractors, Escorts Tractors, Daimler India, Caterpillar, etc., from Tier I customers like Automotive Axles, American Axles, Dana, Rane Madras, Rane-TRW, ZF India, Simpson & Co., etc., and export customers like Meritor, American Axles, Daimler, Dana, Comer, ZF Industries etc., The Company is closely working with all customers in terms of new product development, improvement in quality and delivery performance etc., to meet their expectations.

### **DEPOSITS**

The Company has not accepted any public deposits during the year and as such, no amount on account of principal or interest on deposits from public was outstanding as at 31<sup>st</sup> March 2017.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. P. Vijaya Bhaskar Reddy, Director is due to retire by rotation and being eligible offers himself for re-appointment. He was reappointed as Deputy Managing Director by the board of directors at their meeting held on 13<sup>th</sup> February 2017 for a further period of five years subject to your approval.

Mr. P. Deepak, Managing Director, Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director & CFO and Mr. S.K. Sivakumar, Head - Group Finance & Company Secretary hold the office of Key Managerial Personnel.

### **Declaration of Independent Directors**

The Independent Directors have fulfilled the criteria of Independence as defined under Section 149(6) of the Companies Act, 2013 and requisite declarations in terms of Section 149(7) of the Act have been received.

## DIRECTORS' REPORT – (Contd.)

### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence the Company has devised a policy relating to appointment of Directors, payment of managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. The said policy is posted in the website of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby make the following statement in terms of Section 134(3)(c) and 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility.

We confirm that:

- a) in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations 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 ended 31<sup>st</sup> March 2017 and of the profit 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 the Companies Act, 2013, 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) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in the Listing Regulations are complied within letter and spirit. A certificate issued by the auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed. The matters relating to Corporate Governance as per the Listing Regulations are attached to this report. A management discussion and analysis report as required by the Listing Regulations is also annexed which forms part of this report.

## **DIRECTORS' REPORT – (Contd.)**

### **RELATED PARTY TRANSACTIONS**

All transactions entered by the Company with related parties were in the ordinary course of the business and at Arm's Length basis. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. The details of the transactions with related parties are given in the financial statements. The Related Party Transaction Policy is posted in the website of the Company.

### **BOARD MEETINGS**

During the year, four meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached to this report.

### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

### **REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and as per the Listing Regulations. The Company affirms remuneration is as per the remuneration policy of the Company. The said policy is posted in the website of the Company.

### **PARTICULARS OF EMPLOYEES RELATED DISCLOSURES**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting.

Disclosures pertaining to remuneration and other details as required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report.

Having regard to the provisions of Section 136(1) read with its relevant provision of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee and free of cost.



## DIRECTORS' REPORT – (Contd.)

### AUDITORS

The Company's auditors M/s. Reddy A V & Co, Chartered Accountants (Firm Registration No. 003256S) have already completed more than ten years as Statutory Auditors of the Company. In view of the mandatory requirement of rotation of auditor under Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint M/s. K. Nagaraju & Associates, Chartered Accountants (Firm Registration No.002270S) as Statutory Auditors of the Company from conclusion of this Annual General Meeting till the conclusion of the 40<sup>th</sup> Annual General Meeting. The Company has received a letter from M/s. K. Nagaraju & Associates, Chartered Accountants stating that their appointment as Statutory Auditors, if made, would be in accordance with Section 139 read with Section 141 of the Companies Act, 2013.

### SECRETARIAL AUDITOR

The Company has appointed M/s. L.D. Reddy & Co., Practicing Company Secretaries to conduct Secretarial Audit for the year 2016-17. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2017 is annexed with this report in Annexure-D.

### COST AUDITORS

As per Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules, 2014, the Board of Directors of your Company has appointed M/s. Jayaram & Associates, Cost Accountants as the Cost Auditors of the Company for the year 2017-18 on the recommendations made by the Audit Committee.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details are provided in the Management Discussion and Analysis Report attached to this report.

The Internal Auditors reviews the efficiency and effectiveness of the systems and procedures. The Audit Committee approves and reviews the internal audit plan for the year.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed with this report in Annexure-E.

### INDUSTRIAL RELATIONS

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees continued to receive top priority. The Directors wish to place on record their appreciation of the valuable contribution made by the employees of the Company at all levels towards the performance and growth of the Company.

### RISK MANAGEMENT POLICY

The Company has an adequate Risk Management Policy commensurate with its size and operations. Risk Management is an essential element in achieving business goals and deriving benefits from market opportunities. The Risk Management includes identifying types of risks and its assessment, risk handling, monitoring and reporting.

## **DIRECTORS' REPORT – (Contd.)**

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the financial statements.

### **CORPORATE SOCIAL RESPONSIBILITIES (CSR)**

The CSR Policy of the Company and details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been disclosed as part of this report in Annexure-C. Further details of composition of the Corporate Social Responsibility Committee and other details are provided in the Corporate Governance Report which forms part of this report.

### **BOARD 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, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 is given in the Annexure-A forming part of this Report.

### **ACKNOWLEDGEMENTS**

The Directors place on record their sincere appreciation for the dedicated efforts of the employees and co-operation of associates, suppliers and customers. We also express our sincere thanks to Company's Bankers namely State Bank of India, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Ltd., Kotak Mahindra Bank Ltd. and HDFC Bank Ltd. for their trust and continued support.

**For and on behalf of the Board**

**D. Sesha Reddy**  
Chairman

Place: Chennai  
Date : 24<sup>th</sup> May 2017

## ANNEXURE A TO THE DIRECTORS' REPORT

**[Pursuant to Section 134(3)(m) of the Companies Act, 2013  
 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]**

### **A. CONSERVATION OF ENERGY:**

- |   |   |
|---|---|
| (a) Energy conservation measures undertaken   | The Company continues its efforts to improve energy conservation based on recommendations arising out of the Energy Audit |
| (b) Additional investments and proposals, if any being implemented for the reduction of consumption of energy   | Investment is being made to improve Power Factor  |
| (c) Impact of measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost   | Energy Savings  |
| (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto | Not Applicable  |

### **B. TECHNOLOGICAL ABSORPTION:**

#### **Research & Development (R & D)**

#### **1. Specific areas in which R & D is carried out by the Company:**

##### **Existing activities:**

The Company has been continuously putting effort to develop new products for new applications to Commercial Vehicle & Tractor segments. The Company is committed to introducing new products and improving existing products to have better performance levels. During the year the Company has developed several new products for Heavy Truck, Army, Construction & Mining Applications. The Company is doing many research activities in the areas of component weight reduction, core cost reduction, core weight reduction, process design, process improvement etc.,

#### **2. Benefits derived as a result of R & D:**

- (a) Market expansion and improved competitive position through significantly improved products for new markets.
- (b) New opportunities in global markets by introducing new range of products.
- (c) Improved competency for designing process & products for global customers.
- (d) Acquiring competency in new areas like Machined Castings & sub-assemblies.
- (e) Reduced product development lead time and improved product quality due to advancement of simulation capabilities.
- (f) Improved surface finish of the products helped to obtain new business opportunities with global customers.
- (g) Upgradation of technical skill of employees for higher productivity & more consistent quality.

## ANNEXURE A TO THE DIRECTORS' REPORT - (Contd.)

### 3. Future plan of action:

- (i) Development of optimized methods of melting metal to reduce energy consumption.
- (ii) Expanding market for automotive applications & conversion of components from other processes & materials to Iron Castings.
- (iii) New materials development for innovative next generation products like Austempered Ductile Iron applications.
- (iv) Development of new production processes to create competitive advantage on certain range of components. Continued expansion of product range to serve the local and global market needs.
- (v) Development of new surface coating processes for Iron castings.
- (vi) To co-develop components closely with our customers to improve product performance & manufacturability.

### 4. Expenditure on R & D:

₹ in Lakhs

Capital expenditure	:	56.63
Revenue expenditure	:	704.79
<b>Total</b>	:	<b>761.42</b>
Total expenditure as percentage of net sales	:	1.33%

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

- a) Activities relating to export initiatives taken to increase, development of new export markets : Ongoing marketing campaign in the USA and Europe is expected to yield results in the coming years.
- b) Total Foreign Exchange Used : ₹ 353.35 Lakhs
- Total Foreign Exchange Earned : ₹ 3696.22 Lakhs

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> May 2017

**D. Sesha Reddy**  
Chairman

## ANNEXURE B TO THE DIRECTORS' REPORT

FORM NO. AOC-1

[Statement pursuant to Section 129(3) of the Companies Act, 2013  
read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statements of subsidiary

### Part "A": Subsidiary

₹ in Lakhs

S.No	Particulars	
1	Name of the Subsidiary	NC Energy Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
4	Share Capital	4015.00
5	Reserves & Surplus	-
6	Total Assets	4017.73
7	Total Liabilities	4017.73
8	Investments	-
9	Turnover	-
10	Profit Before Taxation	-
11	Provision for Taxation	-
12	Profit After Taxation	-
13	Proposed Dividend	-
14	% of shareholding	95.92

**Notes:**

1. NC Energy Limited has not commenced its commercial operations.
2. Reporting period and reporting currency of the above subsidiary is same as that of the Company.

**For and on behalf of the Board**

Place : Chennai  
Date : 24<sup>th</sup> May 2017

**D. Sesha Reddy**  
Chairman

## ANNEXURE C TO THE DIRECTORS' REPORT

### CORPORATE SOCIAL RESPONSIBILITY

#### 1. Corporate Social Responsibility Policy Overview

The Company has framed its CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed in the Company's website at the web link: [http://www.nelcast.com/documents/CSR\\_Policy\\_Nelcast\\_Ltd.pdf](http://www.nelcast.com/documents/CSR_Policy_Nelcast_Ltd.pdf). The policy is duly approved by the Board of Directors.

#### 2. Approach to CSR

- I. The guiding principles of CSR programmes are "sustainability" and "impact through empowerment". These guiding principles shall run through all the approved CSR projects, within the broad framework of Schedule VII of the Act.
- II. Existing CSR activities viz. promotion of education and employability including creation of skill.

#### 3. Composition of CSR Committee

1. Mr. P. Deepak - Chairman
2. Mr. D. Sessa Reddy - Member
3. Ms. P. Divya - Member
4. Mr. P. Vijaya Bhaskar Reddy - Member

#### 4. Average Net Profit and prescribed CSR expenditure

The average net profit and prescribed CSR expenditure is as detailed below:

Particulars	(₹ in Lakhs)
Average Net Profit for last three financial years	3734.47
Prescribed CSR expenditure 2% of Average Net Profit of the last three financial years	74.69

Details of CSR spent during the financial year 2016-17:

Particulars	(₹ in Lakhs)
Total amount spent during the year	75.63
Amount unspent, if any	Nil

**ANNEXURE C TO THE DIRECTORS' REPORT - (Contd.)**

**5. Manner in which CSR amount spent during the financial year 2016-17 is detailed below :**

S. No.	CSR Project or activity identified	Sector in which the project is covered	Locations	Amount Spent on the Project or Programms (₹ in Lakhs)	Cumulative Expenditure upto reporting period (₹ in Lakhs)	Amount spent Directly or through implementing Agency
1	Education, Scholarship, Education, Tuition Support, Book Provisioning, setting up library and providing educational aid to Govt Schools	Literacy	Gudur & Ponneri	4.12	4.12	Direct
2	Vocational training to unemployed youth, school dropouts, placement linked skills development training to unemployed youth Vocational Training	Vocational Training	Gudur & Ponneri	44.15	44.15	Direct
3	Health Camps, Medical help to Underprivileged, Malnutrition reduction etc,	Healthcare	Gudur & Ponneri	10.84	10.84	Direct
4	Providing safe drinking water to community	Sanitation Drinking Water	Gudur	3.83	3.83	Direct
5	Rural Road construction as per community needs	Transportation Infrastructure	Gudur	12.69	12.69	Direct
		<b>Total</b>		<b>75.63</b>	<b>75.63</b>	

6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.	Not Applicable
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Place : Chennai  
Date : 24<sup>th</sup> May 2017

**P. Deepak**  
 Chairman  
 CSR Committee

## ANNEXURE D TO THE DIRECTORS' REPORT

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

**For the Financial Year ended 31<sup>st</sup> March 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

#### TO THE BOARD OF DIRECTORS OF NELCAST LIMITED

We have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Nelcast Limited, CIN: L27109AP1982PLC003518** (the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper broad-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Nelcast Limited** for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:
  - i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. SEBI (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations, 2009;
    - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



## ANNEXURE D TO THE DIRECTORS' REPORT - (Contd.)

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  
- vi) The Factories Act, 1948;
- vii) The Payment of Wages Act, 1936;
- viii) The Minimum Wages Act, 1948;
- ix) Employees Provident Fund And Miscellaneous Provisions Act, 1952;
- x) Employers State Insurance Act, 1948;
- xi) The Payment of Bonus Act, 1965;
- xii) Workmen's Compensation Act, 1923;
- xiii) Contract Labour (Regulation & Abolition ) Act, 1970;
- xiv) The Environment (Protection) Act, 1986;
- xv) Electricity Act, 2003;
- xvi) Income Tax Act, 1961 and Indirect Tax Law;
- xvii) The Payment of Gratuity Act, 1972;
- xviii) Service Tax (Finance Act, 1994);
- xix) Value Added Tax Act, 2005 and Tamil Nadu Value Added Tax Act, 2006;
- xx) Water (Prevention & Control of Pollution) Act, 1974 and rules thereunder;
- xxi) Air (Prevention & Control of Pollution) Act, 1981 and rules thereunder;
- xxii) Customs Act, 1962;
- xxiii) Weekly Holidays Act, 1942;
- xxiv) Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008;
- xxv) Newspaper Publications;
- xxvi) Central Excise Act, 1944;

## **ANNEXURE D TO THE DIRECTORS' REPORT - (Contd.)**

- xxvii) The Insurance Act, 1938 (as amended by Insurance (Amendment) act, 2002);
  - xxviii) The Industrial Employment (Standing orders) Act, 1946;
  - xxix) The Tamil Nadu Factory Rules, 1950;
  - xxx) The Petroleum Act, 1934 and Petroleum Rules, 2002;
  - xxxi) Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
2. We have also examined compliance with the applicable clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.
3. We further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:
- A separate meeting of Independent Directors was held during the year as per the provisions of Companies Act, 2013;
  - Maintenance of various statutory registers and documents and making necessary entries therein has been done as per Companies Act, 2013;
  - Closure of the Register of Members;
  - Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
  - Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
  - The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
  - Minutes of proceedings of General Meetings and of the Board and its Committee meetings;

## ANNEXURE D TO THE DIRECTORS' REPORT - (Contd.)

- Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- Appointment and remuneration of statutory auditors;
- Declaration and payment of dividends;
- Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- Investment of the Company's funds including investments and loans to others;
- Format of Balance Sheet and statement of profit and loss is as per Schedule III of Companies Act, 2013;
- Report of the Board of Directors:  
  
Majority of the decisions being carried through were captured and recorded as part of the minutes.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

4. We further report that:

- The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding;
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

5. We further Report that:

- The company is regular in paying all statutory dues like PF, ESI, Sales tax, Income Tax, VAT, Service tax, Excise Duty, etc.,
- The Company has filed return as per The Factories Act, 1948;
- The company is regular in publishing Audited and Un-Audited Financial Results;
- The Company is paying bonus to all employees as per the provisions of The Payment of Bonus Act, 1965 and returns in Form D is filed as per the Act;

6. We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

7. We further Report that during the audit Period the Company has

- No Public /Right/Preferential Issue of Shares/Debentures/Sweat Equity etc.,
- No Redemption/Buy-back of Securities;
- No major Decision taken by the members in pursuance of Section 180 of the companies Act, 2013;
- No Merger/Amalgamation/Reconstruction, etc.,
- No Foreign Technical Collaborations;

**For L.D.Reddy & Co**  
Company Secretaries

**L. Dhanamjaya Reddy**  
(Proprietor)  
CP. No.3752  
M.NO.13104

Place: Hyderabad  
Date : 4<sup>th</sup> May 2017

## ANNEXURE E TO THE DIRECTORS' REPORT

FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN**  
**For the Financial Year ended 31<sup>st</sup> March 2017**

[Pursuant to Section 92(3) of the Companies Act, 2013 and  
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

- |       |   |   |
|-------|---|---|
| (i)   | CIN   | : L27109AP1982PLC003518   |
| (ii)  | Registration Date   | : 07.06.1982  |
| (iii) | Name of the Company   | : NELCAST LIMITED   |
| (iv)  | Category / Sub-Category of the Company                                    | : PUBLIC LIMITED COMPANY  |
| (v)   | Address of the Registered Office and contact details                      | <b>34, Industrial Estate</b><br><b>Gudur, Andhra Pradesh - 524 101</b><br><b>Ph: 08624-251266/766</b><br><b>Fax: 08624-252066</b>   |
| (vi)  | Whether Listed Company Yes / No   | : Yes   |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | <b>M/s. Bigshare Services Pvt. Ltd.</b><br><b>1<sup>st</sup> Floor, Bharat Tin Works Building,</b><br><b>Opp. Vasant Oasis,</b><br><b>Makwana Road, Marol,</b><br><b>Andheri (East), Mumbai - 400059</b><br><b>Ph: 022-62638200 Fax: 022-62638299</b><br><b>E-mail: investor@bigshareonline.com</b> |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the product / services	% to total turnover of the Company
1	Iron Castings	27310	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS	CIN / GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of Shares held	Applicable
1	NC Energy Limited	U40108TN2010PLC078456	Subsidiary	95.92	2(87)

## ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (i) Category-wise Share Holding

Sl.No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	<b>A. Promoters</b>									
	<b>Indian</b>									
	(a) Individual/HUF	6,47,49,654	-	6,47,49,654	74.424	6,48,41,917	-	6,48,41,917	74.530	0.106
	(b) Central Government	-	-	-	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-	-	-	-
	(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(f) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1):</b>	<b>6,47,49,654</b>	<b>-</b>	<b>6,47,49,654</b>	<b>74.424</b>	<b>6,48,41,917</b>	<b>-</b>	<b>6,48,41,917</b>	<b>74.530</b>	<b>0.106</b>
(2)	<b>Foreign</b>									
	(a) Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
	(b) Other Individuals	-	-	-	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(e) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2) :-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6,47,49,654</b>	<b>-</b>	<b>6,47,49,654</b>	<b>74.424</b>	<b>6,48,41,917</b>	<b>-</b>	<b>6,48,41,917</b>	<b>74.530</b>	<b>0.106</b>
(1)	<b>B. Public Shareholding Institutions</b>									
	(a) Mutual Funds	1,765,099	-	1,765,099	2.029	-	-	-	-	(2.029)
	(b) Banks/Financial Institutions	21,804	-	21,804	0.025	51,508	-	51,508	0.059	0.034
	(c) Central Government	-	-	-	-	-	-	-	-	-
	(d) State Government(s)	-	-	-	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(f) Insurance Companies	-	-	-	-	-	-	-	-	-
	(g) Foreign Institutional / Portfolio Investors	-	-	-	-	1,09,500	-	1,09,500	0.126	0.126
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(i) Trusts	24,68,852	-	24,68,852	2.838	25,33,488	-	25,33,488	2.912	0.074
	(j) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1):</b>	<b>42,55,755</b>	<b>-</b>	<b>42,55,755</b>	<b>4.892</b>	<b>26,94,496</b>	<b>-</b>	<b>26,94,496</b>	<b>3.097</b>	<b>(1.795)</b>

**ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)**

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Sl.No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	<b>B. Public Shareholding Non-Institutions</b>									
	(a) Bodies Corp.									
	(i) Indian	24,48,577	-	24,48,577	2.814	28,96,245	-	28,96,245	3.329	0.515
	(ii) Overseas	-	-	-	-	-	-	-	-	-
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹1 lakh	79,47,385	15	79,47,400	9.135	91,49,799	15	91,49,814	10.517	1.382
	(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	54,83,705	-	54,83,705	6.303	49,54,925	-	49,54,925	5.695	(0.608)
	(c) Others									
	(i) Clearing Member	55,588	-	55,588	0.064	1,45,572	-	1,45,572	0.167	0.103
	(ii) Directors	18,91,970	-	18,91,970	2.175	18,91,970	-	18,91,970	2.175	-
	(iii) Employees	3,016	-	3,016	0.003	3,016	-	3,016	0.003	-
	(iv) NRIs	1,65,535	-	1,65,535	0.190	4,23,245	-	4,23,245	0.487	0.297
	(d) Foreign Collaborators									
	<b>Sub-Total (B)(2):</b>	<b>1,79,95,776</b>	<b>15</b>	<b>1,79,95,791</b>	<b>20.684</b>	<b>1,94,64,772</b>	<b>15</b>	<b>1,94,64,787</b>	<b>22.373</b>	<b>1.689</b>
	<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,22,51,531</b>	<b>15</b>	<b>2,22,51,546</b>	<b>25.576</b>	<b>2,21,59,268</b>	<b>15</b>	<b>2,21,59,283</b>	<b>25.470</b>	<b>(0.106)</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	<b>Grand Total (A+B+C)</b>	<b>8,70,01,185</b>	<b>15</b>	<b>8,70,01,200</b>	<b>100.000</b>	<b>8,70,01,185</b>	<b>15</b>	<b>8,70,01,200</b>	<b>100.000</b>	<b>0.000</b>

**(ii) Shareholding of Promoters**

Sl.No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	P DEEPAK	34245905	39.363	0	34245905	39.363	0	0.000
2	P DEEPAK (HUF)	14349500	16.493	0	14441763	16.599	0	0.106
3	P DIVYA	16154249	18.568	0	16154249	18.568	0	0.000
	<b>Total</b>	<b>64749654</b>	<b>74.424</b>	<b>0</b>	<b>64841917</b>	<b>74.530</b>	<b>0</b>	<b>0.106</b>

## ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)

### (iii) Change in Promoters' Shareholding :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	P. Deepak				
	At the beginning of the year	34245905	39.363	34245905	39.363
	At the end of the year			34245905	39.363
2	P. Deepak (HUF)				
	At the beginning of the year	14349500	16.493	14349500	16.493
	At the end of the year			14441763	16.599
3	P. Divya				
	At the beginning of the year	16154249	18.568	16154249	18.568
	At the end of the year			16154249	18.568

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	<b>KANURI FAMILY TRUST</b>				
	At the beginning of the year	2468852	2.838	2468852	2.838
	Add: Purchases during the year	64636	0.074	2533488	2.912
	(Less): Sales during the year	0	-	2533488	2.912
	At the end of the year			2533488	2.912
2	<b>P VEENA</b>				
	At the beginning of the year	1149552	1.321	1149552	1.321
	Add: Purchases during the year	55523	0.064	1205075	1.385
	(Less): Sales during the year	0	-	1205075	1.385
	At the end of the year			1205075	1.385
3	<b>HEALTHY INVESTMENTS LTD</b>				
	At the beginning of the year	1115745	1.282	1115745	1.282
	Add: Purchases during the year	0	-	1115745	1.282
	(Less): Sales during the year	0	-	1115745	1.282
	At the end of the year			1115745	1.282



**ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>4</b>	<b>F L DADABHOY</b>				
	At the beginning of the year	486000	0.559	486000	0.559
	Add: Purchases during the year	0	-	486000	0.559
	(Less): Sales during the year	0	-	486000	0.559
	At the end of the year			486000	0.559
<b>5</b>	<b>P F DADABHOY</b>				
	At the beginning of the year	396000	0.455	396000	0.455
	Add: Purchases during the year	0	-	396000	0.455
	(Less): Sales during the year	0	-	396000	0.455
	At the end of the year			396000	0.455
<b>6</b>	<b>N F DADABHOY</b>				
	At the beginning of the year	360000	0.414	360000	0.414
	Add: Purchases during the year	0	-	360000	0.414
	(Less): Sales during the year	0	-	360000	0.414
	At the end of the year			360000	0.414
<b>7</b>	<b>R F DADABHOY</b>				
	At the beginning of the year	360000	0.414	360000	0.414
	Add: Purchases during the year	0	-	360000	0.414
	(Less): Sales during the year	0	-	360000	0.414
	At the end of the year			360000	0.414
<b>8</b>	<b>SHIRIN WATWANI</b>				
	At the beginning of the year	360000	0.414	360000	0.414
	Add: Purchases during the year	0	-	360000	0.414
	(Less): Sales during the year	0	-	360000	0.414
	At the end of the year			360000	0.414
<b>9</b>	<b>PROTON INVESTMENTS PVT. LTD.</b>				
	At the beginning of the year	268885	0.309	268885	0.309
	Add: Purchases during the year	17214	0.020	286099	0.329
	(Less): Sales during the year	0	-	286099	0.329
	At the end of the year			286099	0.329
<b>10</b>	<b>KOMMAREDDI JAYASHREE</b>				
	At the beginning of the year	250000	0.287	250000	0.287
	Add: Purchases during the year	0	-	250000	0.287
	(Less): Sales during the year	0	-	250000	0.287
	At the end of the year			250000	0.287

## ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)

### (v) Shareholding of Directors and Key Managerial Personnel :-

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	P. Deepak At the beginning of the year At the end of the year	34245905	39.363	34245905 34245905	39.363 39.363
2	P. Deepak (HUF) At the beginning of the year At the end of the year	14349500	16.493	14349500 14441763	16.493 16.599
3	P. Divya At the beginning of the year At the end of the year	16154249	18.568	16154249 16154249	18.568 18.568
4	P. Vijaya Bhaskar Reddy At the beginning of the year At the end of the year	1891970	2.175	1891970 1891970	2.175 2.175
5	S.K. Sivakumar At the beginning of the year At the end of the year	100	0.000	100 100	0.000 0.000

### V INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	9,636.15	-	-	9,636.15
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,636.15</b>	-	-	<b>9,636.15</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	(1,930.74)	-	-	(1,930.74)
<b>Net Change</b>	<b>(1,930.74)</b>	-	-	<b>(1,930.74)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	7,705.41	-	-	7,705.41
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>7,705.41</b>			<b>7,705.41</b>

## ANNEXURE E TO THE DIRECTORS' REPORT - (Contd.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration paid to Whole-time Directors & Non-Executive Directors are provided in the Corporate Governance Report which forms part of Directors' Report.

In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on Remuneration of Directors and Key Managerial Personnel particulars in the extract of annual return MGT-9, which is available for inspection by the members at the Registered office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting.

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b> Penalty Punishment Compounding			NIL		
<b>B. DIRECTORS</b> Penalty Punishment Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding					

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has always focused on corporate governance as a means to optimize its performance and maximize the long-term stakeholders' value through sustained growth and value creation. The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company. The Company always believes to achieve optimum performance at all levels in adopting good corporate performance. The Company believes that corporate governance begins with Company's continuous review of its internal procedures and practices encompassing all its business areas in the most appropriate manner, which would spell fairness and transparency.

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive directors having rich knowledge and experience in the industry for providing guidance and direction to the Company. The Board of Directors along with its Committees provides leadership and guidance to the management, thereby enhancing stakeholders' value. The Board reviews strategic business plans, budgets, setting up goals and evaluation performance and investment decision.

#### Composition of the Board of Directors:

The Composition of Board of Directors is in conformity with the Corporate Governance Code.

The Board comprises of two executive directors and four non-executive directors, out of which three are independent directors. All non-executive independent directors are persons of eminence and bring a wide range of expertise and experience to the Board.

#### Board Meetings:

During the financial year, meetings of the Board of Directors were held on 24<sup>th</sup> May 2016, 4<sup>th</sup> August 2016, 5<sup>th</sup> November 2016 and 13<sup>th</sup> February 2017.

The details of attendance of Directors at the Board Meetings and the last Annual General Meeting:

Name of the Director	Board Meeting	Annual General Meeting
Mr. D. Sessa Reddy	4	Attended
Mr. R. Mohan Reddy	4	Attended
Mr. A. Balasubramanian	4	Attended
Mr. P. Deepak	4	Attended
Ms. P. Divya	3	Not Attended
Mr. P. Vijaya Bhaskar Reddy	4	Attended

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

Directors' Membership as on 31<sup>st</sup> March 2017 in other Boards or Committees thereof:

Name of the Director	Other Boards	Other Board Committees
Mr. D. Sesha Reddy	3	1
Mr. R. Mohan Reddy	3	5
Mr. A. Balasubramanian	1	2
Mr. P. Deepak	2	None
Ms. P. Divya	3	3
Mr. P. Vijaya Bhaskar Reddy	2	2

### 3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are as follows:

- Review of the Company's financial reporting process and its financial statements.
- Compliance with Accounting Standards and changes in accounting policies and practices.
- Quarterly Results of the Company.
- Discussing the nature and scope of Internal Audit and the Internal Controls.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- Review of the Audit Report / Work of External Auditors.
- Review of risk management policies and practices.
- Recommend appointment of Statutory Auditors.
- Review of Related Party Transactions.
- Other matters as set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee comprises Mr. A. Balasubramanian (Independent Director), Chairman, Mr. R. Mohan Reddy (Independent Director), Mr. D. Sesha Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director), Members. The dates of the meetings are as follows:

24<sup>th</sup> May 2016, 4<sup>th</sup> August 2016, 5<sup>th</sup> November 2016 and 13<sup>th</sup> February 2017.

Name of the Member	No. of Audit Committee Meetings attended
Mr. A. Balasubramanian	4
Mr. R. Mohan Reddy	4
Mr. D. Sesha Reddy	4
Mr. P. Vijaya Bhaskar Reddy	4

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 4. NOMINATION & REMUNERATION COMMITTEE

The Board has set up a Nomination & Remuneration committee for the Company which decides the Remuneration of all the directors and senior management members of the Company. The Committee comprises Mr. R. Mohan Reddy (Independent Director), Chairman, Mr. D. Sesha Reddy (Independent Director) and Mr. A. Balasubramanian (Independent Director), Members. There was one meeting held on 12<sup>th</sup> February 2017.

The broad terms of reference of the Nomination & Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board Diversity.

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees and the same is posted in the website of the Company.

### 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has set up a Corporate Social Responsibility Committee for the Company which decides CSR Policies and activities of the Company. The Committee comprises Mr. P. Deepak, Chairman, Mr. D. Sesha Reddy, Ms. P. Divya, and Mr. P. Vijaya Bhaskar Reddy, Members. There was one meeting held on 24<sup>th</sup> May 2016.

### 6. RISK MANAGEMENT POLICY

The Company devised a policy on risk assessment and minimization procedure to reduce or prevent undesirable incidents or unexpected loss.

### 7. INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 12<sup>th</sup> February 2017, inter alia, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

### 8. FAMILIARISATION PROGRAMME

The Company follows a structured orientation and familiarisation programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. The details of familiarisation programme have been posted in the website of the Company.

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 9. PARTICULARS OF SITTING FEE / REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2016-17

#### Particulars of Sitting Fee paid to Non-Executive Directors:

Name of the Non-Executive Directors	Sitting Fee (₹)
Mr. D. Sesha Reddy	1,50,000
Mr. R. Mohan Reddy	1,50,000
Mr. A. Balasubramanian	1,40,000

#### Remuneration paid to Whole-Time Directors:

Details	Managing Director (₹)	Whole-Time Director (₹)
Remuneration	1,21,48,423	73,94,880

### 10. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee has been constituted pursuant to Section 178 of the Companies Act, 2013 and as per the requirements under the Listing Regulations, to look into all types of grievances from shareholders and redress them expeditiously. The committee comprises of Mr. D. Sesha Reddy (Independent Director), Chairman, Mr. R. Mohan Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director), Members. The Company Secretary is the Compliance Officer of the committee. During the year the committee met on 5<sup>th</sup> November 2016.

#### Number of pending share transfers:

As on 31<sup>st</sup> March 2017, there were no share transfers pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

#### Compliance Officer:

S.K. Sivakumar  
 Head - Group Finance & Company Secretary  
 159, TTK Road, Alwarpet, Chennai - 600 018  
 Ph: 044-24983111 Fax: 044-24982111  
 E-mail: sivakumar@nelcast.com

Number of Shareholder complaints received & resolved during the year 2016-17: **6**

No. of pending complaints as on 31<sup>st</sup> March 2017: - **Nil** -

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 11. GENERAL BODY MEETINGS

#### i. Location and time of last 3 Annual General Meetings were:

Year	Location	Date	Time
2015-16	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur – 524 101	04.08.2016	11.00 AM
2014-15	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur – 524 101	06.08.2015	11.00 AM
2013-14	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur – 524 101	06.08.2014	11.00 AM

#### ii. Special Resolutions passed in the previous 3 Annual General Meetings:

Year	Subject Matter of Special Resolution	Date
2015-16	- Nil -	04.08.2016
2014-15	Re-appointment of Managing Director	06.08.2015
2013-14	Re-appointment of Dy. Managing Director, Borrowing Power, Charge Creation	06.08.2014

#### iii. Postal Ballot:

None of the subjects placed before the shareholders in the last / ensuing Annual General Meeting required / requires approval by a postal ballot.

### 12. DISCLOSURES

The related party transactions during the financial year 2016-17 are disclosed in the report as required under Accounting Standard 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India. There are no materially significant related party transactions made by the Company with its promoters and subsidiaries. The Register of Contracts with Directors is being maintained by the Company. There was neither non-compliance by the Company nor there were any penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company had issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed in the Website of the Company. The Company has formulated a policy to familiarise the Independent Directors. All Independent Directors of the Company shall be bound by duties of Independent Directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

In the preparation of financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act.

The Company has fully complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 13. MEANS OF COMMUNICATION

- The Quarterly / Half-yearly financial results published in one National Edition (English Language) and one in Regional Edition.
- The quarterly shareholding pattern is posted in BSE & NSE websites and in Company website [www.nelcast.com](http://www.nelcast.com).

### 14. GENERAL SHAREHOLDER INFORMATION

Registered Office	34, Industrial Estate, Gudur - 524 101, Andhra Pradesh. Ph : 08624-251266/766, Fax : 08624-252066	
Annual General Meeting	Date and Time: 3 <sup>rd</sup> August 2017 & 11.00 AM. Venue: P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh.	
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March	
Financial Calendar (Tentative)	<ul style="list-style-type: none"> <li>• Results for the quarter ending 30<sup>th</sup> June 2017 - 1<sup>st</sup> week of August 2017.</li> <li>• Results for the quarter and half year ending 30<sup>th</sup> September 2017 - 2<sup>nd</sup> week of November 2017.</li> <li>• Results for the quarter and nine months ending 31<sup>st</sup> December 2017 - 2<sup>nd</sup> week of February 2018.</li> <li>• Results for the year ending 31<sup>st</sup> March 2018 - by May 2018.</li> </ul>	
<u>Record Date:</u>		
Date of Book Closure	29 <sup>th</sup> July 2017 to 3 <sup>rd</sup> August 2017 (both days inclusive).	
Dividend Payment Date	Within 30 days from 3 <sup>rd</sup> August 2017.	
Listing of Stock Exchanges	<b>Name of Exchange</b>	<b>Stock Code</b>
	1. Bombay Stock Exchange Limited (BSE), P J Towers, Dalal Street, Mumbai - 400 001	532864
	2. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	NELCAST
ISIN	INE189I01024	
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both stock exchanges above for the financial year 2017-18.	

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

**Market price data: High, Low during each month in the financial year 2016-17:**

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr'16	63.65	55.10	63.75	55.45
May'16	66.00	54.85	66.50	54.60
Jun'16	66.05	53.50	66.05	53.80
Jul'16	74.00	60.85	73.65	60.65
Aug'16	67.00	58.10	67.90	57.70
Sep'16	67.10	54.70	67.35	54.25
Oct'16	68.30	59.00	68.30	58.10
Nov'16	67.50	44.50	67.65	44.00
Dec'16	55.30	48.50	55.70	44.80
Jan'17	59.35	47.45	59.20	47.10
Feb'17	58.00	48.10	58.00	48.10
Mar'17	61.50	51.00	61.60	51.00

**Share Price Performance in comparison to broad based indices - BSE Sensex:**

Month	BSE		BSE Sensex	
	High (₹)	Low (₹)	High	Low
Apr'16	63.65	55.10	26100.54	24523.20
May'16	66.00	54.85	26837.20	25057.93
Jun'16	66.05	53.50	27105.41	25911.33
Jul'16	74.00	60.85	28240.20	27034.14
Aug'16	67.00	58.10	28532.25	27627.97
Sep'16	67.10	54.70	29077.28	27716.78
Oct'16	68.30	59.00	28477.65	27488.30
Nov'16	67.50	44.50	28029.80	25717.93
Dec'16	55.30	48.50	26803.76	25753.74
Jan'17	59.35	47.45	27980.39	26447.06
Feb'17	58.00	48.10	29065.31	27590.10
Mar'17	61.50	51.00	29824.62	28716.21

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

**Registrar and Share Transfer Agent :** M/s. Bigshare Services Pvt. Ltd.  
 1<sup>st</sup> Floor, Bharat Tin Works Building,  
 Opp. Vasant Oasis, Makwana Road, Marol,  
 Andheri (East), Mumbai - 400059  
 Ph: 022-62638200 Fax: 022-62638299  
 E-mail: investor@bigshareonline.com

**Share Transfer System :** All the transfers in physical form are processed and approved by the Stakeholder's Relationship Committee. The Company's Registrar and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. have adequate infrastructure to process the share transfers. The Committee approves the transfers etc., as required from time to time.

### Distribution of shareholding within various categories as on 31<sup>st</sup> March 2017:

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares	% of Share holding
1 – 500	10,996	76.86	22,88,014	2.63
501 – 1000	1900	13.28	15,15,165	1.74
1001 – 2000	655	4.58	10,08,326	1.16
2001 – 3000	260	1.82	6,57,670	0.76
3001 – 4000	91	0.63	3,30,407	0.38
4001 – 5000	110	0.77	5,33,664	0.61
5001 – 10000	153	1.07	11,54,113	1.33
10001 and above	142	0.99	7,95,13,841	91.39
<b>Total</b>	<b>14,307</b>	<b>100.00</b>	<b>8,70,01,200</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2017:

Category	No. of Shares held	% to Total
Promoter & Promoter Group	6,48,41,917	74.53
Bodies Corporate	28,96,245	3.33
Individuals	1,28,99,664	14.83
Directors/Relatives	30,97,045	3.56
Clearing Members	1,45,572	0.17
Trust	25,33,488	2.91
Foreign Individuals/NRI	5,32,745	0.61
Employees	3,016	0.00
Banks / Financial Institutions	51,508	0.06
<b>Total</b>	<b>8,70,01,200</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

<b>Dematerialization of Shares and Liquidity :</b>	<p>Shares of the Company can be held and traded in electronic form.</p> <p>100% of the total equity capital is held in dematerialized form with NSDL &amp; CDSL as on 31<sup>st</sup> March 2017.</p>
<b>Plant Locations :</b>	<p><b>Gudur Unit</b></p> <p>No. 34, Industrial Estate, Gudur, Andhra Pradesh - 524 101 Ph : 08624-251266/766 Fax : 08624-252066</p> <p><b>Ponneri Unit</b></p> <p>Madhavaram Village, Amur Post, Ponneri - 601 204 Ph : 044-27974165/1506 Fax : 044-27973620</p>
<b>Address for Correspondence :</b>	<p>159, T.T.K. Road, Alwarpet, Chennai - 600 018 Ph : 044-24983111/4111 Fax : 044-24982111 E-mail: nelcast@nelcast.com Website: www.nelcast.com</p>

### 15. NON-MANDATORY REQUIREMENTS

- (a) The Company does not maintain a separate chairman's office.
- (b) **Publication of half yearly results:**

The half yearly results of the Company are published in an English Daily having a wide circulation and in a Telugu Daily. The results are not sent to the shareholders individually. However, the Company is displaying the financial results in its website.

### 16. CEO/CFO CERTIFICATION

Mr. P. Deepak, Managing Director and Mr. P. Vijaya Bhaskar Reddy, CFO have furnished the certificate as per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 17. COMPLIANCE CERTIFICATE OF THE AUDITORS ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Statutory Auditors confirming compliance of Conditions of the Code of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### DECLARATION – CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct.

Place : Chennai  
Date : 24<sup>th</sup> May 2017

**P. Deepak**  
Managing Director

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**To THE MEMBERS OF  
NELCAST LIMITED**

We have examined the compliance of conditions of Corporate Governance by Nelcast Limited for the year ended 31<sup>st</sup> March 2017, stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said company with stock exchanges.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the condition of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has fully complied with all the mandatory conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said company with stock exchanges.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For REDDY A V & CO**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 24<sup>th</sup> May 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Domestic Medium & Heavy Commercial Vehicle industry grew at about 4.16% while the Tractor industry grew at about 9% in the year 2016-17. The outlook on the commercial vehicle industry has improved gradually and growth prospects could improve further if the impact of ongoing reforms in the infrastructure and mining sectors percolates down to ground level. Correction in fuel prices and lower finance cost should further add domestic growth in the short to medium term. The growth potential for the Indian auto component industry is tremendous and the Company is in a strong position to leverage these opportunities.

### OPPORTUNITIES AND THREATS

The Company primarily caters to requirements of the commercial vehicle segment and the tractor segment. The Company enjoys an unstinted confidence from its valued customers for providing superior quality products. The Company reviews its business plan and draws out action plans to leverage on its opportunities and counter its threats. The Company's main strengths are, focus on customer requirements and the willingness to look beyond the stated needs of the Customers and ability to independently design and validate the products. The Company has got excellent potential for growth, both in domestic and export markets and intends to expand its product base, to cater to other segments such as the off-highway vehicles, passenger cars and the railways. The main threats to which auto component industry is exposed to are, volatility of commodity prices affecting the input costs structure. However, the Company strives to create sustainable profitable growth by using superior technology and maintaining product quality and offering wide range of products to different segments, which will give us a competitive edge in the market.

### SEGMENT WISE PERFORMANCE

The company deals in only one segment i.e., Iron Castings. Therefore, segment wise performance is not applicable for our Company.

### OUTLOOK

The economy is set to gather strength in the next year if supported by a normal monsoon, increased focus on infrastructure spending, the boost to consumption demand and continuing favourable monetary policy changes. Long term outlook remains positive for the automotive industry with all major global players having base in India for manufacturing, global sourcing as well as engineering. Regular product launches planned by OEMs will keep customer excitement levels and create demand and is favourable for overall industry growth. India is now a supplier of a range of high value and critical automobile components to global auto market.

## MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)

### **RISKS AND CONCERNS**

#### **Economy and Market Risk:**

The Company's growth is linked to that of the automotive industry, which is cyclical in nature. The cyclical nature of the Indian commercial vehicle industry and tractor industry might affect the demand. Since automotive industry, plays a major role in determining the economic growth, any slowdown in the overall economy will affect Commercial Vehicle industry. Increasing competition across all segments may put some pressure on market share.

#### **Input Cost Risk:**

Our profitability and cost effectiveness may be affected due to change in the prices of raw materials, power and other input costs. Some of the risks that are potentially significant in nature and need careful monitoring are Raw Materials prices, availability of Power etc.

#### **Currency Risk:**

Since, the Company's exposure on foreign currency is very limited, the fluctuation in foreign exchange currency may not impact the Company much. However, if any foreign currency risk on the liability side, it is fully hedged.

#### **Interest Rate Risk:**

The Company has judiciously managed the debt-equity ratio. It has been using a mix of loans and internal cash accruals. The Company has well managed the working capital to reduce the overall interest cost.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use. The Company's internal controls are supplemented by an extensive programme of internal audit, review by management and documented policies, systems support, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data.

The Audit Committee reviews all the reports and compliance systems and suggests better internal control systems, policies and procedures as and when required. It also reviews Company's financial reporting processes, disclosure of financial information, related party transactions etc.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year, the Company recorded Net Sales of ₹ 574.56 crores as against ₹ 560.70 crores in 2015-16, an increase of about 2.47%. Profit After Tax made during the year is ₹ 33.98 crores compared with ₹ 31.87 crores in 2015-16, an increase of about 6.62% compared with previous year. **The production during the year was 73088 MT, compared to the previous year's 73592 MT.**

During the year, the sales of the Company has increased marginally due to moderate improvement in Medium and Heavy Commercial Vehicle Industry. However, there was no significant increase in total sales due to slow down in the Tractor Industry during second half of the year.

## **MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)**

### **HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT**

Human Resource is a continuous and ever evolving function at our Company. The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. The Company continues to maintain its record on industrial relations. The Company believes that human resources are its most valuable assets and is thus committed to the welfare of its employees and their families. The Company continues to invest in people through various initiatives viz. training programmes, upgradation of knowledge etc. which enable the work force to meet out the challenges. As on 31<sup>st</sup> March 2017, the employee strength of the Company was 1035.

### **HEALTH, SAFETY AND ENVIRONMENT**

The Company has established an Integrated Management System (IMS-EnSHE) which consists of Energy (EnMS), Occupational Health & Safety (OHSAS) and Environmental (EMS) Management System to meet the compliances of the standards ISO 50001:2011, OHSAS 18001:2007 and ISO 14001:2015 respectively. The Company aims to be a preferred organization for the customers and stake holders through the scaling performance of Energy, Safety, Health and Environment. We are committed to follow the availability of adequate information for inculcation of the employees and others, innovative practices, compliance of all legal & other regulatory requirements relevant to the industry, design for the performance scaling, continual improvement and adequate resources, the parameters which abide to be a preferred organization in long term perspective.

### **CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" and based on certain assumptions/ expectations and current scenario and the input available. Actual results might differ substantially or materially to those expressed or implied. Important developments including global or domestic trends, political and economic environment in India or Overseas might affect the Company's operations.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **NELCAST LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017, and its profit and its cash flows for the year ended on that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal financial controls over financial reporting criteria established by the Company.
  - g) in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and the said disclosures are in accordance with the books of accounts maintained by the Company.

**For REDDY A V & CO**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 24<sup>th</sup> May 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

**THE ANNEXURE REFERRED TO IN OUR INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE COMPANY ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017, WE REPORT THAT:**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a policy of physically verifying its Fixed assets once in a year which in our opinion reasonable having regard to the size of the Company and the nature of its business. During the year Fixed Assets have been verified by the management at the year end and no discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. According to information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on physical verification during the year.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- v. The Company has not accepted any deposits during the year.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 148(1) of the Act and are opinion that prima facie the prescribed accounts and cost records have been made and maintained.
- vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities and no dues were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and on the basis of information and explanations given to us, there are no dues of income-tax, service tax, duty of customs and which have not been deposited on account of any disputes. However, according to information and explanations given to us, the following dues of sales-tax, value added tax, and duty of excise have not been deposited by the Company on account of disputes:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Amount Involved (₹ in Lakhs)</b>	<b>Period to which the Amount Relates</b>	<b>Forum where Dispute is pending</b>
Central Excise Act, 1944	CENVAT-INPUTS	51.23	2013-14	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	56.91	2013-14	CESTAT
Central Excise Act, 1944	CENVAT-INPUT SERVICES	223.11	2009-10 to 2012-13	CESTAT
Central Excise Act, 1944	CENVAT-INPUTS	0.42	2013-14	Commissioner, Appeals, Guntur
Central Sales Tax	CST	23.90	2009-10	Assistant Commissioner, (CT)
Value Added Tax	VAT	2.40	2009-10	Assistant Commissioner, (CT)
Value Added Tax	VAT	1.76	2016-17	Commissioner, (Appeals) (CT)
Central Excise Act, 1944	CENVAT-INPUTS	6.48	2014-15	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUTS	0.27	2013-14	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUTS	0.51	2014-15	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	9.97	2014-15	CESTAT
Central Excise Act, 1944	CENVAT-INPUTS	4.58	2014-15	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	13.44	2014-15	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUTS	9.47	2014-15 & 2015-16	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	33.53	2014-15 & 2015-16	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUTS	1.39	2014-15 & 2015-16	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	58.44	2012-13 & 2013-14	CESTAT
Central Excise Act, 1944	CENVAT-INPUT SERVICES	20.48	2013-14	CESTAT
Central Excise Act, 1944	CENVAT-INPUT SERVICES	2.00	Oct 13 to Aug 14	Commissioner, Appeals, Chennai
Central Excise Act, 1944	CENVAT-INPUT SERVICES	28.57	Apr 10 to Jun 13	CESTAT
Central Excise Act, 1944	CENVAT-INPUT SERVICES	2.27	Sep 14 to Jul 15	Commissioner, Appeals, Chennai

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

- viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- xi. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. The moneys' raised in earlier years by way of public offer and term loans were applied for the purpose for which those were raised.
- x. We have not noticed or reported any fraud by the Company or any fraud on the Company by its officers/ employees during the year.
- xi. The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. Clause xii of the Order is not applicable as the Company is not a Nidhi Company.
- xiii. According to information and explanations given to us, all transactions with the related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures as per the provisions of Section 42 of the Companies Act, 2013, during the year under review.
- xv. According to information and explanations given to us, the Company has not entered in to any non-cash transactions with directors or persons connected with him and the provisions of section 192 of the Companies Act, 2013 have been complied with.
- xvi. Clause xvi of the Order is not applicable as the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For REDDY A V & CO**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 24<sup>th</sup> May 2017

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

### **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NELCAST LIMITED**

#### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of Nelcast Limited ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For REDDY A V & CO**

Chartered Accountants

**A.V. REDDY**

Partner

Membership No. 23983

Firm Regn. No. 003256S

Place : Chennai

Date : 24<sup>th</sup> May 2017

## BALANCE SHEET AS AT

PARTICULARS	Note No.	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,740.02	1,740.02
(b) Reserves and Surplus	3	31,224.72	28,768.74
<b>Sub-Total</b>		<b>32,964.74</b>	<b>30,508.76</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	-	646.15
(b) Deferred Tax Liability (Net)	5	4,026.46	3,851.34
<b>Sub-Total</b>		<b>4,026.46</b>	<b>4,497.49</b>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	6	7,340.52	7,385.24
(b) Trade Payables	7	6,935.91	4,866.43
(c) Other Current Liabilities	8	2,115.03	3,471.96
(d) Short-Term Provisions	9	1,104.03	741.87
<b>Sub-Total</b>		<b>17,495.49</b>	<b>16,465.50</b>
<b>TOTAL</b>		<b>54,486.69</b>	<b>51,471.75</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	24,451.44	24,735.87
(ii) Intangible Assets	10	17.06	39.68
(iii) Capital Work-in-Progress	-	95.71	16.70
(b) Non-Current Investments	11	3,862.12	3,659.74
(c) Long-Term Loans and Advances	12	20.12	30.91
<b>Sub-Total</b>		<b>28,446.45</b>	<b>28,482.90</b>
<b>2 Current Assets</b>			
(a) Inventories	13	9,405.00	7,400.60
(b) Trade Receivables	14	7,596.93	6,654.76
(c) Cash and Cash Equivalents	15	5,354.33	5,278.15
(d) Short-Term Loans and Advances	16	3,571.70	3,567.82
(e) Other Current Assets	17	112.28	87.52
<b>Sub-Total</b>		<b>26,040.24</b>	<b>22,988.85</b>
<b>TOTAL</b>		<b>54,486.69</b>	<b>51,471.75</b>
<b>Significant Accounting Policies</b>	1		

As per our report of even date

For and on behalf of the Board

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

Place: Chennai  
Date : 24<sup>th</sup> May 2017



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

PARTICULARS	Note No.	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
I. Revenue from Operations (Gross)	18	63,764.34	62,460.48
Less : Excise Duty		6,308.57	6,390.81
Revenue from Operations (Net)		57,455.77	56,069.67
II. Other Income	19	454.67	208.94
III. <b>Total Revenue (I+II)</b>		<b>57,910.44</b>	<b>56,278.61</b>
IV. <b>Expenses:</b>			
Cost of Materials Consumed	20	25,227.01	26,550.43
Changes in Inventories of FG & WIP	21	(829.02)	(1,566.43)
Employee Benefits Expense	22	4,149.33	3,942.01
Finance Costs	23	615.15	696.37
Depreciation	10	1,342.38	1,285.83
Other Expenses	24	22,505.25	20,751.17
<b>Total Expenses</b>		<b>53,010.10</b>	<b>51,659.38</b>
V. <b>Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)</b>		<b>4,900.34</b>	<b>4,619.23</b>
VI. Exceptional Items		-	-
VII. <b>Profit Before Extra-ordinary Items and Tax (V-VI)</b>		<b>4,900.34</b>	<b>4,619.23</b>
VIII. Extra-ordinary Items		-	-
IX. <b>Profit Before Tax (VII-VIII)</b>		<b>4,900.34</b>	<b>4,619.23</b>
X. <b>Tax Expenses:</b>			
(1) Current Tax		1,324.03	1,015.04
(2) Previous Year Tax		2.80	5.00
(3) MAT Credit Entitlement		-	-
(4) Deferred Tax		175.12	412.26
XI. <b>Profit for the Year (IX-X)</b>		<b>3,398.39</b>	<b>3,186.93</b>
XII. <b>Earnings per Equity Share:</b>			
(1) Basic		3.91	3.66
(2) Diluted		3.91	3.66
Significant Accounting Policies	1		

As per our report of even date

For and on behalf of the Board

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

Place: Chennai  
Date : 24<sup>th</sup> May 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED

PARTICULARS	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	4,900.34	4,619.23
Adjustments for:		
Depreciation	1,342.38	1,285.83
Interest Income	(314.73)	(110.60)
Loss on sale of assets	(0.44)	-
Interest Paid	615.15	696.37
Operating Profit before Working Capital changes	6,542.70	6,490.83
Adjustments for:		
Inventories	(2,004.39)	(1,821.88)
Trade Receivables	(942.17)	385.84
Long-Term Loans & Advances	10.79	208.56
Short-Term Loans & Advances	(3.88)	(147.19)
Other Current Assets	(24.76)	104.40
Trade Payables	2,069.48	261.42
Other Current Liabilities	(1,356.93)	214.02
Short-Term Provisions	362.16	(156.79)
Cash generated from Operations	4,653.00	5,539.21
Taxes Paid / Provision for Tax	(1,326.83)	(1,020.04)
Cash flow before Prior-period Items	3,326.17	4,519.17
Prior Period Items	-	-
Net Cash from Operating Activities <b>TOTAL A</b>	3,326.17	4,519.17
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,037.30)	(2,854.11)
Sale of Fixed Assets	2.40	-
(Increase)/Decrease in Capital Work-In-Progress	(79.01)	453.15
(Increase)/Decrease in Investments	(202.38)	(502.75)
(Increase)/Decrease in Unpaid Dividend A/cs	1.85	(2.07)
Interest received	314.73	110.60
Net Cash from/(used in) Investing Activities <b>TOTAL B</b>	(999.71)	(2,795.18)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Long-Term Borrowings	(646.15)	(1,604.78)
Increase/(Decrease) in Short-Term Borrowings	(44.72)	1,490.53
Interest paid	(615.15)	(696.37)
Dividend Paid (Including Dividend Tax)	(942.41)	(837.70)
Net Cash from/(used in) Financing Activities <b>TOTAL C</b>	(2,248.43)	(1,648.32)
Net increase in Cash and Cash Equivalents <b>A+B+C</b>	78.03	75.67
Cash and Cash Equivalents (Opening Balance)	5,261.05	5,185.38
Cash and Cash Equivalents (Closing Balance)	5,339.08	5,261.05
Reconciliation of Cash and Cash Equivalents with the Balance Sheet :		
Cash and cash equivalents as per Balance Sheet (Refer Note No.15)	5,354.33	5,278.15
Less: Bank balances not considered as Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)		
- Unpaid Dividend Accounts	15.25	17.10
Cash and Cash Equivalents at the end of the year	5,339.08	5,261.05

As per our Report of even date

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**For and on behalf of the Board**  
**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place : Chennai  
Date : 24<sup>th</sup> May 2017

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the financial statements are consistent with those of previous year.

#### 1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustments to the carrying amounts of assets or liabilities in future periods.

#### 1.3 FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. Cost of fixed assets is net of eligible credits under CENVAT/VAT scheme. The company capitalizes all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized. Interest and other related costs, attributable to major projects are capitalized as part of the cost of respective assets. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work-in-Progress".

Depreciation has been provided based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013.

#### 1.4 IMPAIRMENT OF ASSETS

The company determines whether there is any indication of impairment of the carrying amount of its assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. During the year there is no such impairment of assets.

#### 1.5 LEASES

Leases, where the Lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on straight-line basis over the lease term.

## **NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

### **1.6 BORROWING COSTS**

The Company capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset, the Company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Where borrowings cannot be specifically identified to fixed assets, the capitalisation rate applied is the weighted average of the interest rates applicable to all borrowings of the Company. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete.

### **1.7 INVESTMENTS**

Investments, which are Long-term in nature, are stated at cost after providing for decline in value, if any, other than temporary. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

### **1.8 INVENTORIES**

Inventories are valued at the lower of cost and net realizable value. Cost is ascertained on a moving weighted average basis. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Cost of Finished goods includes excise duty.

### **1.9 REVENUE RECOGNITION**

Income of the Company is derived from Sale of Products including Excise duty but excluding Sales Tax and net of sales returns. The revenue and expenditure are accounted on a going concern basis.

### **1.10 FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year is recognised as income or expense as the case may be.

### **1.11 EMPLOYEE BENEFITS**

#### **(i) Defined Contribution Plan**

- a) Company's contribution to Employees Provident fund and Employees State Insurance are made under a Defined Contribution Plan, and are accounted for at actual cost in the year of accrual.
- b) Company's contribution to the Superannuation fund in respect of employees who are members are made under a defined contribution plan, being administrated by the Life Insurance Corporation of India and are charged to the Statement of Profit and Loss in the year in which employee has rendered service.

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

(ii) Defined Benefit Plan

Company's liability to Gratuity on retirement of its eligible employees is funded and is being administrated by the Life Insurance Corporation of India. The incremental expense thereon for each year is arrived at as per actuarial valuation is recognised and charged to the Statement of Profit and Loss in the year in which the employee has rendered service. (Refer to Note No.32)

### 1.12 INCOME TAXES

Tax expenses comprise current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

### 1.13 SEGMENT INFORMATION

The Company is principally engaged only in the business of manufacture and sale of Iron Castings, there are no reportable segments as per Accounting Standard No.17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India.

### 1.14 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There is no diluted earnings per share as there are no dilutive potential equity shares.

### 1.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>2. SHARE CAPITAL</b>		
<b>Authorised:</b>		
12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year: 12,50,00,000 Equity Shares of ₹ 2/- each)	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paidup:</b>		
8,70,01,200 Equity Shares of ₹ 2/- each (Previous Year: 8,70,01,200 Equity Shares of ₹ 2/- each)	1,740.02	1,740.02
<b>Total</b>	<b>1,740.02</b>	<b>1,740.02</b>

The Company has only one class of shares referred to as equity shares having par value of ₹ 2/- each. There is no change in the amount of Share Capital as at 31<sup>st</sup> March 2017 as compared to the Share Capital at the beginning of the year.

### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	No. of Shares in Lakhs	₹ in Lakhs	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02
(b) Changes during the year	—	—	—	—
<b>(c) At the closing of the period (₹ 2/- each)</b>	<b>870.01</b>	<b>1,740.02</b>	<b>870.01</b>	<b>1,740.02</b>

### Details of Equity Shareholders holding more than 5%:

Name of the shareholder	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	No. of shares	%	No. of shares	%
P. Deepak	3,42,45,905	39.36	3,42,45,905	39.36
P. Deepak (HUF)	1,44,41,763	16.60	1,43,49,500	16.49
P. Divya	1,61,54,249	18.57	1,61,54,249	18.57

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>3. RESERVES &amp; SURPLUS</b>		
<i><b>Securities Premium Account</b></i>		
Opening Balance	8,774.13	8,774.13
Add: Received during the year	–	–
<b>Sub-Total (a)</b>	<b>8,774.13</b>	<b>8,774.13</b>
<i><b>General Reserve</b></i>		
Opening Balance	15,500.00	13,500.00
Add: Current Year Appropriation	2,000.00	2,000.00
<b>Sub-Total (b)</b>	<b>17,500.00</b>	<b>15,500.00</b>
<i><b>Surplus</b></i>		
<b>Opening Balance</b>	<b>4,494.59</b>	<b>4,145.36</b>
Add: Net profit after tax transferred from Statement of P & L	3,398.39	3,186.93
<b>Profit available for Appropriation</b>	<b>7,892.98</b>	<b>7,332.29</b>
<b>Appropriations:</b>		
– General Reserve	2,000.00	2,000.00
– Interim Dividend - ₹ Nil per share (Previous year - ₹ 0.40 per share)	-	348.00
– Distribution Tax on Interim Dividend	-	70.85
– Final Dividend - ₹ 0.90 per share (Previous year - ₹ 0.40 per share)	783.01	348.00
– Distribution Tax on Final Dividend	159.40	70.85
<b>Closing Balance (c)</b>	<b>4,950.57</b>	<b>4,494.59</b>
<b>Total (a+b+c)</b>	<b>31,224.72</b>	<b>28,768.74</b>
<b>4. LONG-TERM BORROWINGS</b>		
Term Loans from Banks	-	646.15
<b>Total</b>	<b>-</b>	<b>646.15</b>
<b>5. DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability	4,027.63	3,889.25
Deferred Tax Asset	(1.17)	(37.91)
<b>Total</b>	<b>4,026.46</b>	<b>3,851.34</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>6. SHORT-TERM BORROWINGS</b>		
Secured Loans Repayable on Demand to Banks:		
– Working Capital Loans	7,340.52	7,385.24
<b>Total</b>	<b>7,340.52</b>	<b>7,385.24</b>
<b>7. TRADE PAYABLES</b>		
Trade Payables (Refer Note No.33)	6,935.91	4,866.43
<b>Total</b>	<b>6,935.91</b>	<b>4,866.43</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt:		
– Term Loans from Banks	364.89	1,604.76
Unpaid Dividends	15.25	17.10
Statutory Dues	545.19	509.09
Advances received from Customers	217.45	184.28
Outstanding Expenses	972.25	1,156.73
<b>Total</b>	<b>2,115.03</b>	<b>3,471.96</b>
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits:		
– Gratuity	-	29.76
– Bonus	149.85	195.99
Provision for Dividend	783.01	348.00
Provision for Dividend Distribution Tax	159.40	70.85
Provision for Income Tax & Wealth Tax (Net of TDS & Advance Tax)	11.77	97.27
<b>Total</b>	<b>1,104.03</b>	<b>741.87</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

(₹ in Lakhs)

**10. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2016	Additions	Disposal	Cost upto 31.03.2017	Upto 31.03.2016	For the year 2016-17	Accu. Depn. on Disposal	Upto 31.03.2017	As on 31.03.2016
<b>(i) Tangible Assets:</b>									
Land	3,025.44	263.83	–	3,289.27	–	–	–	–	3,025.44
Buildings	5,716.17	2.36	–	5,718.53	1,658.17	244.82	–	1,902.99	4,058.00
Plant & Machinery	26,238.84	752.13	–	26,990.97	8,876.17	979.83	–	9,856.00	17,362.67
Office Equipment	67.94	6.93	0.99	73.88	37.04	6.03	0.29	42.78	30.90
Vehicles	421.87	–	11.18	410.69	242.04	59.48	9.91	291.61	179.83
Furniture & Fittings	182.68	2.83	–	185.51	117.44	18.68	–	136.12	65.24
Computers	231.60	7.35	–	238.95	217.81	9.05	–	226.86	13.79
	35,884.54	1,035.43	12.17	36,907.80	11,148.67	1,317.89	10.20	12,456.36	24,735.87
<b>(ii) Intangible Assets:</b>									
Computer Software	233.32	1.87	–	235.19	193.64	24.49	–	218.13	39.68
<b>Total</b>	<b>36,117.86</b>	<b>1,037.30</b>	<b>12.17</b>	<b>37,142.99</b>	<b>11,342.31</b>	<b>1,342.38</b>	<b>10.20</b>	<b>12,674.49</b>	<b>24,775.55</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>11. NON-CURRENT INVESTMENTS</b>		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Subsidiaries:		
– NC Energy Limited	3,851.00	3,651.00
3,85,10,000 Equity Shares of ₹ 10/- each (P.Y. 3,65,10,000 Equity Shares of ₹ 10/- each)		
Others :		
– Suzlon Engitech Ltd	5.99	5.99
59,903 Equity shares of ₹ 10/- each		
– OPG Power Generation Pvt Ltd	5.13	2.75
46,600 (P.Y. 25,000) Equity shares of ₹ 10/- each		
<b>Total</b>	<b>3,862.12</b>	<b>3,659.74</b>
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	20.12	30.91
<b>Total</b>	<b>20.12</b>	<b>30.91</b>
<b>13. INVENTORIES (Valued at Lower of cost and Net realisable value)</b>		
Raw Materials	1,988.55	1,172.86
Work-in-Progress	1,663.48	1,725.44
Finished Goods	3,802.36	2,911.38
Stores and Spares	285.77	258.17
Loose Tools	1,307.48	920.02
Moulding Boxes & Patterns	357.36	412.73
<b>Total</b>	<b>9,405.00</b>	<b>7,400.60</b>
<b>14. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	7,596.93	6,654.76
<b>Total</b>	<b>7,596.93</b>	<b>6,654.76</b>
Trade Receivables include an amount of ₹ 257.52 Lakhs (Previous Year: ₹ 68.70 Lakhs), outstanding for a period exceeding six months from the due date.		

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks:</b>		
– In Current Accounts	86.62	130.93
– Short Term Fixed Deposits	5,250.00	5,121.67
– Unpaid Dividend Accounts	15.25	17.10
Cash on Hand	2.46	8.45
<b>Total</b>	<b>5,354.33</b>	<b>5,278.15</b>
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS3 Cash Flow Statements is:	<b>5,339.08</b>	<b>5,261.05</b>
<b>16. SHORT-TERM LOANS &amp; ADVANCES (Unsecured, Considered Good)</b>		
Deposits / Advances with Govt. Authorities and Companies	3,428.61	2,857.43
Advances for Supplies & Services	40.37	373.25
Advances given to Employees	12.64	22.93
Rental Advance	66.00	66.00
MAT Credit Entitlement	24.08	248.21
<b>Total</b>	<b>3,571.70</b>	<b>3,567.82</b>
<b>17. OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits	112.28	87.52
<b>Total</b>	<b>112.28</b>	<b>87.52</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	Year Ended 31 <sup>st</sup> March 2017 (₹ in Lakhs)	Year Ended 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	63,764.34	62,460.48
Less: Excise Duty	6,308.57	6,390.81
<b>Total</b>	<b>57,455.77</b>	<b>56,069.67</b>
<b>19. OTHER INCOME</b>		
Interest Income	314.73	110.60
Gain on Foreign Currency Transaction (Net)	-	42.04
Gain on Sale of Assets	1.13	-
Export Incentive	138.81	37.40
Sales Tax Incentive	-	18.90
<b>Total</b>	<b>454.67</b>	<b>208.94</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Steel Scrap	15,162.66	16,084.35
Others	10,064.35	10,466.08
<b>Total</b>	<b>25,227.01</b>	<b>26,550.43</b>
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.		
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	3,802.36	2,911.38
Work-in-Progress	1,663.48	1,725.44
	<b>5,465.84</b>	<b>4,636.82</b>
<b>Opening Stock</b>		
Finished Goods	2,911.38	1,687.56
Work-in-Progress	1,725.44	1,382.83
	<b>4,636.82</b>	<b>3,070.39</b>
<b>Changes in Inventories of FG &amp; WIP</b>	<b>(829.02)</b>	<b>(1,566.43)</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3,326.51	3,144.17
Contribution to Provident and Other Funds	294.02	286.04
Staff Welfare Expenses	528.80	511.80
<b>Total</b>	<b>4,149.33</b>	<b>3,942.01</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	Year Ended 31 <sup>st</sup> March 2017 (₹ in Lakhs)	Year Ended 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>23. FINANCE COSTS</b>		
Interest Expense	663.83	708.88
Other Borrowing Costs	234.39	239.10
	<b>898.22</b>	<b>947.98</b>
Interest on Short Term Deposits	(283.07)	(251.61)
<b>Total</b>	<b>615.15</b>	<b>696.37</b>
<b>24. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2,155.84	2,188.48
Fettling and Other Manufacturing Expenses	6,741.88	5,194.94
Power and Fuel	9,406.62	9,486.98
Freight and Forwarding Charges	1,657.41	1,501.18
<b>Repairs and Maintenance:</b>		
– Plant and Machinery	1,357.57	1,370.51
– Buildings	116.95	117.73
Rent	132.56	132.11
Insurance	58.84	61.61
Rates and Taxes	10.61	12.71
Printing and Stationery	36.91	34.96
Travelling and Conveyance	363.63	329.93
CSR Expenses	75.63	59.75
Advertisement	4.36	3.82
Legal and Professional Charges	125.90	80.63
Communication Charges	40.21	36.11
<b>Payment to Auditors:</b>		
– Audit Fee	13.13	13.07
– Tax Audit Fee	2.02	2.01
Sitting Fee to Directors	4.40	5.00
Books, Periodicals & Subscriptions	19.64	5.35
Vehicle and Office Maintenance	73.26	65.41
Selling Expenses	77.99	44.59
Loss on Foreign Currency Transaction (Net)	23.92	-
Loss on Asset Scrapped/Sold	0.69	-
Miscellaneous Expenses	5.28	4.29
<b>Total</b>	<b>22,505.25</b>	<b>20,751.17</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

25. Term Loans from Banks are secured by equitable mortgage of land, building and hypothecation of plant and machinery present and future. Working Capital Loan is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores and book debts.

### 26. COMMITMENTS

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of Tangible Fixed Assets.	89.03	171.16

### 27. CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Bank Guarantees	101.77	Nil
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
(i) Towards Central Excise	523.07	384.78
(ii) Towards Sales Tax	28.07	26.30

Claims against the company not acknowledged as debts represent demands raised by central excise and sales tax authorities, as reduced by the amounts paid by the Company. Against these demands the Company has already filed appeals with concerned appellate authorities. As per the experts' opinion these disputed matters are likely to be decided in Company's favour and as such the management believes the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of operations.

### 28. DETAILS OF SPECIFIED BANK NOTES (SBN) AND OTHER DENOMINATION NOTES HELD AND TRANSACTED FROM 8<sup>th</sup> NOVEMBER 2016 TO 30<sup>th</sup> DECEMBER 2016:

(₹ in Lakhs)

Particulars	SBNs	Other denomination Notes	Total
Closing Cash in hand as on 08.11.2016	1.70	9.53	11.23
(+) Permitted receipts	0	19.34	19.34
(-) Permitted payments	0	18.92	18.92
(-) Amount deposited in Banks	1.70	0	1.70
Closing Cash in hand as on 30.12.2016	0	9.95	9.95

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

**29. EXCISE DUTY**

Excise Duty on Sales has been disclosed as reduction from the turnover.

**30. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED AND THEIR PERCENTAGE TO CONSUMPTION**

Particulars	2016-17		2015-16	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	155.07	0.61	148.61	0.56
Indigenous	25,071.94	99.39	26,401.82	99.44
<b>Total</b>	<b>25,227.01</b>	<b>100.00</b>	<b>26,550.43</b>	<b>100.00</b>

**31. FOREIGN CURRENCY TRANSACTIONS**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
<b>(a) Value of Imports on C.I.F. Basis:</b>		
Capital Goods	43.78	372.46
Raw Materials	155.07	148.61
Spares & Others	31.81	14.70
<b>(b) Expenditure in Foreign Currency:</b>		
On account of Travel	9.86	14.04
On account of Interest Payments	30.74	51.36
On account of Other Matters	82.09	57.41
<b>(c) Earnings in Foreign Exchange:</b>		
F.O.B. Value of Exports	3,696.22	2,482.34

**32. EMPLOYEE BENEFITS**

The Company has a defined benefit gratuity plan covering eligible employees. The following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	2016-17 (₹)	2015-16 (₹)
<b>1. Table Showing changes in present value of obligation as on 31<sup>st</sup> March 2017</b>		
Present value of obligations as at beginning of the year	5,29,35,646	4,34,55,149
Interest cost	42,34,852	34,76,412
Current Service Cost	42,10,325	36,40,873
Benefits Paid	(67,01,358)	(12,65,635)
Actuarial (gain)/ loss on obligations	19,85,761	36,28,847
Present value of obligations as at end of the year	5,66,65,226	5,29,35,646
<b>2. Table showing changes in the fair value of plan assets as on 31<sup>st</sup> March 2017</b>		
Fair value of plan assets at beginning of the year	4,99,59,988	4,23,82,996
Expected return on plan assets	43,41,700	40,05,428
Contributions	1,18,55,998	48,37,199
Benefits Paid	(67,01,358)	(12,65,635)
Actuarial gain/(loss) on plan assets	NIL	NIL
Fair value of plan assets at end of the year	5,94,56,327	4,99,59,988
<b>3. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	4,99,59,988	4,23,82,996
Actual return on plan assets (Expected Return + Actuarial Return)	43,41,700	40,05,428
Contributions	1,18,55,998	48,37,199
Benefits Paid	(67,01,358)	(12,65,635)
Fair value of plan assets at end of the year	5,94,56,327	4,99,59,988
Funded status	27,91,101	(29,75,658)
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)		
<b>4. Actuarial (Gain)/Loss recognized as on 31<sup>st</sup> March 2017</b>		
Actuarial (gain)/ loss on benefit obligations	(19,85,761)	(36,28,847)
Actuarial (gain)/ loss for the year - plan assets	NIL	NIL
Actuarial (gain)/ loss on obligations	19,85,761	36,28,847
Actuarial (gain)/ loss recognized in the year	19,85,761	36,28,847
<b>5. The amounts to be recognized in the Balance Sheet</b>		
Present value of benefit obligations as at end of the year	5,66,65,226	5,29,35,646
Fair value of plan assets as at end of the year	5,94,56,327	4,99,59,988
Funded status	27,91,101	(29,75,658)
Net asset/(liability) recognized in balance sheet	27,91,101	(29,75,658)
<b>6. Expenses Recognised in the Statement of Profit and Loss</b>		
Current Service cost	42,10,325	36,40,873
Interest Cost	42,34,852	34,76,412
Expected return on plan assets	(43,41,700)	(40,05,428)
Net Actuarial (gain)/ loss recognized in the year	19,85,761	36,28,847
Expenses recognised in the Statement of Profit and Loss	60,89,238	67,40,704
<b>7. Actuarial Assumptions</b>		
Discount Rate	8.00%	8.00%
Salary Escalation Rate per Unit	7.00%	7.00%
Mortality Rate	LIC 1994-96	LIC 1994-96
Expected Rate of Return	8.00%	8.00%



## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

**33.** Amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro Small and Medium Enterprises Development Act, 2006 is ₹ 50.04 Lakhs as on 31<sup>st</sup> March 2017 (Previous Year: ₹ 149.20 Lakhs) and there is no overdue amount.

### **34. INTERIM FINANCIAL REPORTING**

The Quarterly financial results are published in accordance with the requirements of Listing Regulations with Stock Exchanges.

### **35. RESEARCH AND DEVELOPMENT EXPENSES**

(a) Details of Research and Development expenses incurred during the year, debited under various heads of Statement of Profit and Loss is given below:

(₹ in Lakhs)		
Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Material and stores & spares consumption	313.91	215.65
Power and fuel	119.41	127.32
Repairs and maintenance	33.47	14.86
Employee benefit expenses	229.66	199.14
Depreciation	0.73	4.90
Others	7.61	5.04
<b>Total</b>	<b>704.79</b>	<b>566.93</b>

(b) Details of capital expenditure incurred for Research and Development are given below:

(₹ in Lakhs)		
Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Building	-	-
Plant & Machinery	56.63	234.92
<b>Total</b>	<b>56.63</b>	<b>234.92</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

### 36. RELATED PARTY DISCLOSURE

As identified by the Management and relied upon by the auditors

#### (a) List of Related Parties (2016-17)

**Subsidiary Company:-** NC Energy Limited

**Associate Company:-** Nelcast USA INC

**Key Management Personnel (KMP):-** 1. Mr. P. Deepak, Managing Director  
2. Ms. P. Divya, Director  
3. Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director & CFO

#### Transactions with Related Parties (2016-17) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel	Relatives to KMP
Managerial Remuneration	–	–	195.43	–
Other Payments	–	–	12.00	145.80
<b>Investment in Shares:</b>				
Amount of Investment during the year	200.00	–	–	–
Closing Balance as on 31 <sup>st</sup> March 2017	3,851.00	–	–	–

#### (b) List of Related Parties (2015-16)

**Subsidiary Company:-** NC Energy Limited

**Associate Company:-** Nelcast USA INC

**Key Management Personnel (KMP):-** 1. Mr. P. Deepak, Managing Director  
2. Ms. P. Divya, Director  
3. Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director & CFO

#### Transactions with Related Parties (2015-16) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel	Relatives to KMP
Managerial Remuneration	–	–	201.32	–
Other Payments	–	–	12.00	138.72
<b>Investment in Shares:</b>				
Amount of Investment during the year	500.00	–	–	–
Closing Balance as on 31 <sup>st</sup> March 2016	3,651.00	–	–	–

**37.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date

**For REDDY A V & CO**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place : Chennai  
Date : 24<sup>th</sup> May 2017

**D. Sesha Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**P. Deepak**  
Managing Director

**For and on behalf of the Board**  
**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**TO THE MEMBERS OF  
NELCAST LIMITED**

### **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of Nelcast Limited ("the Holding Company") and its subsidiary, (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the standards on auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS-(Contd.)**

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### **REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's Companies incorporated in India is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of section 164(2) of the Act.
  - f. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal financial controls over financial reporting criteria established by the Company.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Holding Company has disclosed the impact of pending litigations on its financial position of the Group, in its consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary incorporated in India.

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS-(Contd.)**

**OTHER MATTER**

The accompanying consolidated financial statements include total assets of ₹ 4017.73 Lakhs as at 31<sup>st</sup> March 2017, total revenues of ₹ Nil and net cash flows of ₹ 2.99 Lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiary, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of section 143(3) and 143(11) of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the management.

**For REDDY A V & CO**  
Chartered Accountants

**A.V.REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 24<sup>th</sup> May 2017

## **AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS-(Contd.)**

### **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NELCAST LIMITED**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of Nelcast Limited ("the Holding Company") and its subsidiary Company, which is incorporated in India, as of that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company and its Subsidiary Company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS-(Contd.)

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Holding Company, its subsidiary Company, which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary Company which is incorporated in India, is based on the corresponding reports of the auditors of such Company incorporated in India.

**For REDDY A V & CO**

Chartered Accountants

**A.V.REDDY**

Partner

Membership No. 23983

Firm Regn. No. 003256S

Place : Chennai

Date : 24<sup>th</sup> May 2017

## CONSOLIDATED BALANCE SHEET AS AT

PARTICULARS	Note No.	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,740.02	1,740.02
(b) Reserves and Surplus	3	31,224.72	28,768.74
<b>Sub-Total</b>		<b>32,964.74</b>	<b>30,508.76</b>
<b>2 Minority Interest</b>		<b>164.00</b>	<b>164.00</b>
<b>3 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	-	646.15
(b) Deferred Tax Liability (Net)	5	4,026.46	3,851.34
<b>Sub-Total</b>		<b>4,026.46</b>	<b>4,497.49</b>
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	6	7,340.52	7,385.24
(b) Trade Payables	7	6,935.91	4,866.43
(c) Other Current Liabilities	8	2,117.76	3,491.39
(d) Short-Term Provisions	9	1,104.03	741.87
<b>Sub-Total</b>		<b>17,498.22</b>	<b>16,484.93</b>
<b>TOTAL</b>		<b>54,653.42</b>	<b>51,655.18</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) <b>Fixed Assets</b>			
(i) Tangible Assets	10	27,131.69	27,416.19
(ii) Intangible Assets	10	17.06	39.68
(iii) Capital Work-in-Progress	—	1,238.47	978.58
(b) Non-Current Investments	11	11.12	8.74
(c) Long-Term Loans and Advances	12	209.72	221.01
<b>Sub-Total</b>		<b>28,608.06</b>	<b>28,664.20</b>
<b>2 Current Assets</b>			
(a) Inventories	13	9,405.00	7,400.60
(b) Trade Receivables	14	7,596.93	6,654.76
(c) Cash and Cash Equivalents	15	5,359.45	5,280.28
(d) Short-Term Loans and Advances	16	3,571.70	3,567.82
(e) Other Current Assets	17	112.28	87.52
<b>Sub-Total</b>		<b>26,045.36</b>	<b>22,990.98</b>
<b>TOTAL</b>		<b>54,653.42</b>	<b>51,655.18</b>
<b>Significant Accounting Policies</b>	1		

As per our report of even date

For and on behalf of the Board

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

Place: Chennai  
Date : 24<sup>th</sup> May 2017



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

PARTICULARS	Note No.	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>I. Revenue from Operations (Gross)</b>	<b>18</b>	63,764.34	62,460.48
Less : Excise Duty		6,308.57	6,390.81
Revenue from Operations (Net)		57,455.77	56,069.67
<b>II. Other Income</b>	<b>19</b>	454.67	208.94
<b>III. Total Revenue (I+II)</b>		<b>57,910.44</b>	<b>56,278.61</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	<b>20</b>	25,227.01	26,550.43
Changes in Inventories of FG & WIP	<b>21</b>	(829.02)	(1,566.43)
Employee Benefits Expense	<b>22</b>	4,149.33	3,942.01
Finance Costs	<b>23</b>	615.15	696.37
Depreciation	<b>10</b>	1,342.38	1,285.83
Other Expenses	<b>24</b>	22,505.25	20,751.17
<b>Total Expenses</b>		<b>53,010.10</b>	<b>51,659.38</b>
<b>V. Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)</b>		<b>4,900.34</b>	<b>4,619.23</b>
<b>VI. Exceptional Items</b>		—	—
<b>VII. Profit Before Extra-ordinary Items and Tax (V-VI)</b>		<b>4,900.34</b>	<b>4,619.23</b>
<b>VIII. Extra-ordinary Items</b>		—	—
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>4,900.34</b>	<b>4,619.23</b>
<b>X. Tax Expenses:</b>			
(1) Current Tax		1,324.03	1,015.04
(2) Previous Year Tax		2.80	5.00
(3) MAT Credit Entitlement		—	—
(4) Deferred Tax		175.12	412.26
<b>XI. Profit for the Year (IX-X)</b>		<b>3,398.39</b>	<b>3,186.93</b>
<b>XII. Earnings per Equity Share:</b>			
(1) Basic		<b>3.91</b>	<b>3.66</b>
(2) Diluted		<b>3.91</b>	<b>3.66</b>
<b>Significant Accounting Policies</b>	<b>1</b>		

As per our report of even date

For and on behalf of the Board

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

Place: Chennai  
Date : 24<sup>th</sup> May 2017

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

PARTICULARS	31 <sup>st</sup> March 2017 (₹ in Lakhs)	31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	4,900.34	4,619.23
Adjustments for:		
Depreciation	1,342.38	1,285.83
Interest Income	(314.73)	(110.60)
Profit/Loss on sale of assets	(0.44)	-
Interest Paid	615.15	696.37
<b>Operating Profit before Working Capital Changes</b>	<b>1,642.36</b>	<b>1,871.60</b>
Adjustments for:	<b>6,542.70</b>	<b>6,490.83</b>
Inventories	(2,004.39)	(1,821.88)
Trade Receivables	(942.17)	385.84
Long-Term Loans & Advances	11.29	361.10
Short-Term Loans & Advances	(3.88)	(147.19)
Other Current Assets	(24.76)	104.40
Trade Payables	2,069.48	261.42
Other Current Liabilities	(1,373.63)	214.26
Short-Term Provisions	362.16	(156.79)
<b>Cash Generated from Operations</b>	<b>4,636.80</b>	<b>5,691.99</b>
Taxes Paid/Provision for Tax	(1,326.83)	(1,020.04)
<b>Cash Flow before Prior Period Items</b>	<b>3,309.97</b>	<b>4,671.95</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>3,309.97</b>	<b>4,671.95</b>
<b>TOTAL A</b>	<b>3,309.97</b>	<b>4,671.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,037.23)	(3,298.36)
Sale of Fixed Assets	2.40	-
(Increase)/Decrease in Capital Work-In-Progress	(259.89)	199.27
(Increase)/Decrease in Investments	(2.38)	(2.75)
(Increase)/Decrease in Unpaid Dividend A/cs	1.85	(2.07)
Interest received	314.73	110.60
<b>Net Cash from/(used in) Investing Activities</b>	<b>(980.52)</b>	<b>(2,993.31)</b>
<b>TOTAL B</b>	<b>(980.52)</b>	<b>(2,993.31)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Long-Term Borrowings	(646.15)	(1,604.78)
Increase/(Decrease) in Short-Term Borrowings	(44.72)	1,490.53
Interest Paid	(615.15)	(696.37)
Dividend Paid (Including Dividend Tax)	(942.41)	(837.70)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(2,248.43)</b>	<b>(1,648.32)</b>
<b>TOTAL C</b>	<b>(2,248.43)</b>	<b>(1,648.32)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>81.02</b>	<b>30.32</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>5,263.18</b>	<b>5,232.86</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>5,344.20</b>	<b>5,263.18</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet :</b>		
Cash and cash equivalents as per balance sheet (Refer Note No.15)	5,359.45	5,280.28
<b>Less: Bank balances not considered as Cash and Cash Equivalents</b>		
(as defined in AS 3 Cash Flow Statements)		
– Unpaid Dividend Accounts	15.25	17.10
<b>Cash and Cash Equivalents at the end of the year</b>	<b>5,344.20</b>	<b>5,263.18</b>

As per our Report of even date

For and on behalf of the Board

**For REDDY A V & CO**  
Chartered Accountants  
**A.V. REDDY**

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place : Chennai  
Date : 24<sup>th</sup> May 2017

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements of Nelcast Limited ("the Holding Company") together with its subsidiary NC Energy Limited have been prepared under historical cost convention, on accrual basis, to comply, in all material aspects, with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

Investment in subsidiary has been accounted in accordance with accounting principles as defined in Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

All material inter-company balances and inter-company transactions resulting in unrealized profit/loss are eliminated in full consolidation. The following are the details of the company's subsidiary.

Name of the Subsidiary	Country of Incorporation	Nature of Interest	% of Interest	Accounting Year
NC Energy Limited	India	Subsidiary	95.92%	31st March

### 2. SHARE CAPITAL

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>Authorised:</b> 12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year: 12,50,00,000 Equity Shares of ₹ 2/- each)	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paidup:</b> 8,70,01,200 Equity Shares of ₹ 2/- each (Previous Year: 8,70,01,200 Equity Shares of ₹ 2/- each)	<b>1,740.02</b>	<b>1,740.02</b>
<b>Total</b>	<b>1,740.02</b>	<b>1,740.02</b>

#### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	No. of Shares in Lakhs	₹ in Lakhs	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02
(b) Changes during the year	—	—	—	—
(c) At the closing of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02

#### Details of Equity Shareholders holding more than 5%:

Name of the shareholder	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	No. of shares	%	No. of shares	%
P. Deepak	3,42,45,905	39.36	3,42,45,905	39.36
P. Deepak (HUF)	1,44,41,763	16.60	1,43,49,500	16.49
P. Divya	1,61,54,249	18.57	1,61,54,249	18.57

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

		As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>3. RESERVES &amp; SURPLUS</b>			
<i><b>Securities Premium Account</b></i>			
Opening Balance		8,774.13	8,774.13
Add: Received during the year		—	—
<b>Sub-Total</b>	<b>(a)</b>	<b>8,774.13</b>	<b>8,774.13</b>
<i><b>General Reserve</b></i>			
Opening Balance		15,500.00	13,500.00
Add: Current Year Appropriation		2,000.00	2,000.00
<b>Sub-Total</b>	<b>(b)</b>	<b>17,500.00</b>	<b>15,500.00</b>
<b>Surplus</b>			
<b>Opening Balance</b>		<b>4,494.59</b>	<b>4,145.36</b>
Add: Net profit after tax transferred from Statement of P & L		3,398.39	3,186.93
<b>Profit available for Appropriation</b>		<b>7,892.98</b>	<b>7,332.29</b>
<b>Appropriations:</b>			
– General Reserve		2,000.00	2,000.00
– Interim Dividend - ₹ Nil per share (previous year - ₹ 0.40 per share)		-	348.00
– Distribution Tax on Interim Dividend		-	70.85
– Final Dividend - ₹ 0.90 per share (previous year - ₹ 0.40 per share)		783.01	348.00
– Distribution Tax on Final Dividend		159.40	70.85
<b>Closing Balance</b>	<b>(c)</b>	<b>4,950.57</b>	<b>4,494.59</b>
<b>Total</b>	<b>(a+b+c)</b>	<b>31,224.72</b>	<b>28,768.74</b>
<b>4. LONG-TERM BORROWINGS</b>			
Term Loans from Banks		-	646.15
<b>Total</b>		<b>-</b>	<b>646.15</b>
<b>5. DEFERRED TAX LIABILITY (NET)</b>			
Deferred Tax Liability		4,027.63	3,889.25
Deferred Tax Asset		(1.17)	(37.91)
<b>Total</b>		<b>4,026.46</b>	<b>3,851.34</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>6. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans Repayable on Demand to Banks:</b>		
– Working Capital Loans	7,340.52	7,385.24
<b>Total</b>	<b>7,340.52</b>	<b>7,385.24</b>
<b>7. TRADE PAYABLES</b>		
Trade Payables	6,935.91	4,866.43
<b>Total</b>	<b>6,935.91</b>	<b>4,866.43</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt:</b>		
– Term Loans from Banks	364.89	1,604.76
Unpaid Dividends	15.25	17.10
Statutory Dues	545.19	513.33
Advances received from Customers	217.45	184.28
Outstanding Expenses	974.98	1,171.92
<b>Total</b>	<b>2,117.76</b>	<b>3,491.39</b>
<b>9. SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
– Gratuity	-	29.76
– Bonus	149.85	195.99
Provision for Dividend	783.01	348.00
Provision for Dividend Distribution Tax	159.40	70.85
Provision for Income Tax & Wealth Tax (Net of TDS & Advance Tax)	11.77	97.27
<b>Total</b>	<b>1,104.03</b>	<b>741.87</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

(₹ in Lakhs)

**10. FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2016	Additions	Disposal	Cost upto 31.03.2017	Upto 31.03.2016	For the year 2016-17	Accu. Depn. on Disposal	Upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
<b>(i) Tangible Assets:</b>										
Land	5,701.84	265.86	–	5,967.70	–	–	–	–	5,967.70	5,701.84
Buildings	5,716.17	2.36	–	5,718.53	1,658.17	244.82	–	1,902.99	3,815.54	4,058.00
Plant & Machinery	26,238.84	752.13	–	26,990.97	8,876.17	979.83	–	9,856.00	17,134.97	17,362.67
Office Equipment	68.47	6.74	0.99	74.22	37.04	6.03	0.29	42.79	31.43	31.43
Vehicles	421.87	–	11.18	410.69	242.04	59.48	9.91	291.61	119.08	179.83
Furniture & Fittings	185.61	0.92	–	186.53	117.44	18.68	–	136.12	50.41	68.17
Computers	232.06	7.35	–	239.41	217.81	9.05	–	226.85	12.56	14.25
	38,564.86	1,035.36	12.17	39,588.05	11,148.67	1,317.89	10.20	12,456.36	27,131.69	27,416.19
<b>(ii) Intangible Assets:</b>										
Computer Software	233.32	1.87	–	235.19	193.64	24.49	–	218.13	17.06	39.68
<b>TOTAL</b>	<b>38,798.18</b>	<b>1,037.23</b>	<b>12.17</b>	<b>39,823.24</b>	<b>11,342.31</b>	<b>1,342.38</b>	<b>10.20</b>	<b>12,674.49</b>	<b>27,148.75</b>	<b>27,455.87</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>11. NON-CURRENT INVESTMENTS</b>		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Others :		
– Suzlon Engitech Ltd		
59,903 Equity shares of ₹ 10/- each	5.99	5.99
– OPG Power Generation Pvt Ltd		
46,600 (P.Y. 25,000) Equity shares of ₹ 10/- each	5.13	2.75
<b>Total</b>	<b>11.12</b>	<b>8.74</b>
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	209.72	221.01
<b>Total</b>	<b>209.72</b>	<b>221.01</b>
<b>13. INVENTORIES (Valued at Lower Cost and Net Realisable Value)</b>		
Raw Materials	1,988.55	1,172.86
Work-in-Progress	1,663.48	1,725.44
Finished Goods	3,802.36	2,911.38
Stores and Spares	285.77	258.17
Loose Tools	1,307.48	920.02
Moulding Boxes & Patterns	357.36	412.73
<b>Total</b>	<b>9,405.00</b>	<b>7,400.60</b>
<b>14. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	7,596.93	6,654.76
<b>Total</b>	<b>7,596.93</b>	<b>6,654.76</b>
Trade Receivables include an amount of ₹ 257.52 Lakhs (Previous Year: ₹ 68.70 Lakhs), outstanding for a period exceeding six months from the due date.		

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2017 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks:</b>		
– In Current Accounts	91.20	132.99
– Short-Term Fixed Deposits	5,250.00	5,121.67
– Unpaid Dividend Accounts	15.25	17.10
Cash on Hand	3.00	8.52
<b>Total</b>	<b>5,359.45</b>	<b>5,280.28</b>
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS3 Cash Flow Statements is:	<b>5,344.20</b>	<b>5,263.18</b>
<b>16. SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Deposits / Advances with Govt. Authorities and Companies	3,428.61	2,857.43
Advances for Supplies & Services	40.37	373.25
Advances given to Employees	12.64	22.93
Rental Advance	66.00	66.00
MAT Credit Entitlement	24.08	248.21
<b>Total</b>	<b>3,571.70</b>	<b>3,567.82</b>
<b>17. OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits	112.28	87.52
<b>Total</b>	<b>112.28</b>	<b>87.52</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	Year ended 31 <sup>st</sup> March 2017 (₹ in Lakhs)	Year ended 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	63,764.34	62,460.48
Less: Excise Duty	6,308.57	6,390.81
<b>Total</b>	<b>57,455.77</b>	<b>56,069.67</b>
<b>19. OTHER INCOME</b>		
Interest Income	314.73	110.60
Gain on Foreign Currency Transaction (Net)	-	42.04
Gain on Sale of Assets	1.13	-
Export Incentive	138.81	37.40
Sales Tax Incentive	-	18.90
<b>Total</b>	<b>454.67</b>	<b>208.94</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Steel Scrap	15,162.66	16,084.35
Others	10,064.35	10,466.08
<b>Total</b>	<b>25,227.01</b>	<b>26,550.43</b>
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.		
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	3,802.36	2,911.38
Work-in-Progress	1,663.48	1,725.44
	<b>5,465.84</b>	<b>4,636.82</b>
<b>Opening Stock</b>		
Finished Goods	2,911.38	1,687.56
Work-in-Progress	1,725.44	1,382.83
	<b>4,636.82</b>	<b>3,070.39</b>
<b>Changes in Inventories of FG &amp; WIP</b>	<b>(829.02)</b>	<b>(1,566.43)</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3,326.51	3,144.17
Contribution to Provident and Other Funds	294.02	286.04
Staff Welfare Expenses	528.80	511.80
<b>Total</b>	<b>4,149.33</b>	<b>3,942.01</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	Year ended 31 <sup>st</sup> March 2017 (₹ in Lakhs)	Year ended 31 <sup>st</sup> March 2016 (₹ in Lakhs)
<b>23. FINANCE COSTS</b>		
Interest Expense	663.83	708.88
Other Borrowing Costs	234.99	239.10
	<b>898.22</b>	<b>947.98</b>
Interest on Short-Term Deposits	(283.07)	(251.61)
<b>Total</b>	<b>615.15</b>	<b>696.37</b>
<b>24. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2,155.84	2,188.48
Fettling and Other Manufacturing Expenses	6,741.88	5,194.94
Power and Fuel	9,406.62	9,486.98
Freight and Forwarding Charges	1,657.41	1,501.18
<b>Repairs and Maintenance:</b>		
– Plant and Machinery	1,357.57	1,370.51
– Buildings	116.95	117.73
Rent	132.56	132.11
Insurance	58.84	61.61
Rates and taxes	10.61	12.71
Printing and Stationery	36.91	34.96
Travelling and Conveyance	363.63	329.93
CSR Expenses	75.63	59.75
Advertisement	4.36	3.82
Legal and Professional Charges	125.90	80.63
Communication Charges	40.21	36.11
<b>Payment to Auditors:</b>		
– Audit Fee	13.13	13.07
– Tax Audit Fee	2.02	2.01
Sitting Fee to Directors	4.40	5.00
Books, Periodicals & Subscriptions	19.64	5.35
Vehicle and Office Maintenance	73.26	65.41
Selling Expenses	77.99	44.59
Loss on Foreign Currency Transaction (Net)	23.92	-
Loss on Asset Scrapped/Sold	0.69	-
Miscellaneous Expenses	5.28	4.29
<b>Total</b>	<b>22,505.25</b>	<b>20,751.17</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

**25. COMMITMENTS**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of Tangible Fixed Assets.	89.03	171.16

**26. CONTINGENT LIABILITIES**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
Bank Guarantees	101.77	Nil
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
(i) Towards Central Excise	523.07	384.78
(ii) Towards Sales Tax	28.07	26.30

Claims against the company not acknowledged as debts represent demands raised by central excise and sales tax authorities, as reduced by the amounts paid by the company. Against these demands the company has already filed appeals with concerned appellate authorities. As per the experts' opinion these disputed matters will likely be decided in company's favour and as such the management believes the ultimate outcome of the proceedings will not have a material adverse effect on the Company's financial position and results of operations.

**27. ADDITIONAL INFORMATION AS PER SCHEDULE III TO THE COMPANIES ACT, 2013**

Name of the Entity	Net assets i.e. total assets minus total liabilities		Share of Profit or Loss	
	As a % of Consolidated net assets	₹ in Lakhs	As a % of Consolidated net assets	₹ in Lakhs
<b>Parent</b> Nelcast Limited	99.51%	32,964.74	100.00%	3,398.39
<b>Subsidiary</b> NC Energy Limited	0.49%	164.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>33,128.74</b>	<b>100.00%</b>	<b>3,398.39</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)

### 28. RELATED PARTY DISCLOSURE

As identified by the Management and relied upon by the auditors

**(a) List of Related Parties (2016-17) :**

**Associate Company:- Nelcast USA INC**

**Key Management Personnel (KMP) :-**

1. Mr. P. Deepak, Managing Director
2. Ms. P. Divya, Director
3. Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director & CFO

**Transactions with Related Parties (2016-17)**

**(₹ in Lakhs)**

Nature of Transactions	KMP	Relatives to KMP
Managerial Remuneration	251.44	–
Other Payments	12.00	145.80

**(b) List of Related Parties (2015-16):**

**Associate Company:- Nelcast USA INC**

**Key Management Personnel (KMP) :-**

1. Mr. P. Deepak, Managing Director
2. Ms. P. Divya, Director
3. Mr. P. Vijaya Bhaskar Reddy, Dy. Managing Director & CFO

**Transactions with Related Parties (2015-16)**

**(₹ in Lakhs)**

Nature of Transactions	KMP	Relatives to KMP
Managerial Remuneration	285.32	–
Other Payments	12.00	138.72

- 29.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date

**For and on behalf of the Board**

**For REDDY A V & CO**  
Chartered Accountants

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place: Chennai  
Date : 24<sup>th</sup> May 2017

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO

**S.K. Sivakumar**  
Head – Group Finance &  
Company Secretary