

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the **Thirty Sixth** Annual General Meeting of the Members of Nelcast Limited will be held on Monday, the 13<sup>th</sup> August 2018 at 11.00 AM at P.V.R.Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended 31<sup>st</sup> March 2018, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend for the financial year 2017-18.
3. To appoint a Director in the place of Ms. P. Divya (holding DIN: 05158352), who retires by rotation and being eligible offers herself for re-appointment.

### SPECIAL BUSINESS:

4. 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. Deepak (holding DIN: 02785326) as Managing Director of the Company for a period of five years from 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2023 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 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2023.

Salary : Basic Salary of ₹ 5,25,000/- per month.

Special Allowance of ₹ 1,50,000/- 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 Expenses for Self & Family both in India & outside India, including medical insurance premium.
- (iii) Personal Accident Insurance: Personal Accident insurance premium shall not exceed ₹ 20000/- 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) Earned Leave: On full pay and allowances as per rules of the company, but not exceeding half a month's salary per year.

(vi) Car shall be provided for use on company's business and telephone at residence for business purpose.

(vii) Payment of fees, subscription and other incidental charges to clubs.

A special incentive of Rupees Forty Five lakhs per annum shall also be paid.

Increment of not more than 33% per annum may be paid during his tenure.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the 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.

**Memorandum of Interest:**

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Mr. P. Deepak, Managing Director and Ms. P. Divya, Director who are related to each other. The re-appointment of Mr. P. Deepak as Managing Director is subject to the approval of Shareholder's in the General Meeting.

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 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 2019, be and is hereby approved and ratified."

6. **Increase in the borrowing limits of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession to the resolution passed by the shareholders at the Thirty Second Annual General Meeting held on 6<sup>th</sup> August 2014 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and also subject to other approvals as may be required, the approval and consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company be and is hereby authorized to borrow monies for the purpose of the business of the Company, notwithstanding that the monies to be so borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose for the time being, provided that the total amount including the money/s already borrowed by the Company shall not exceed INR 400 Crores (Rupees Four Hundred Crores only)."

“RESOLVED FURTHER THAT any one of the Directors and / or Company Secretary of the Company jointly or severally is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution and also to make any alterations or amendments thereto from time to time as may be required by the respective bank or financial institution.”

## **7. Increase in limits for Creation of Charges on the assets of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession to the resolution passed by the shareholders at the Thirty Second Annual General Meeting held on 6<sup>th</sup> August 2014 and pursuant to Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013, and also subject to other approvals as may be required, the approval and consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company for all and any mortgages and charges created or to be created on all the immovable and movable properties of the Company wherever situated (whether present or future); or on the whole of the undertaking/s of the Company and/or taking over the management of the business and undertaking/s of the Company in certain events (whether such power is contained in the documents creating the mortgage/ charge or otherwise) to or in favour of any Bank or Financial Institutions or Lender(s) to secure repayment of any Terms Loan, Subscription to Debenture or other monies lent or advanced by them from time to time together with interest at the agreed rates, compound interest, additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges expenses and all other monies including any increase as a result of devaluation/ revaluation fluctuation in the rate exchange of foreign currencies involved payable by the company in terms of the respective loan agreements/ heads of agreements/ letters of sanction / memorandum of terms and conditions entered into/to be entered into by the Company, within overall limits of INR 400 Crores (Rupees Four Hundred Crores only).”

“RESOLVED FURTHER THAT any one of the Directors and / or Company Secretary of the Company jointly or severally is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution and also to make any alterations or amendments thereto from time to time as may be required by the respective bank or financial institution.”

**8. Adoption of new Memorandum of Association of the Company in conformity with the provisions of the Companies Act, 2013**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 of the Companies Act, 2013 read with rules framed thereunder and other applicable provisions, if any, the revised Memorandum of Association of the Company, as placed before the shareholders of the Company be and are hereby adopted as the Memorandum of Association of the Company, in substitution of the Company’s existing Memorandum of Association.”

“RESOLVED FURTHER THAT any one of the Directors and / or Company Secretary of the Company jointly or severally is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution.”

**9. Adoption of new Articles of Association of the Company in conformity with the provisions of the Companies Act, 2013**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 read with rules framed thereunder and other applicable provisions, if any, the revised Articles of Association of the Company, as placed before the shareholders of the Company be and are hereby adopted as the Articles of Association of the Company, in substitution of the Company’s existing Articles of Association.”

“RESOLVED FURTHER THAT any one of the Directors and / or Company Secretary of the Company jointly or severally is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution.”

**10. Further Issue of Securities**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 23, Section 42, Section 62(1)(c), Section 71 and other applicable provisions of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, and other applicable provisions, if any (including any amendments, statutory modification(s)

and / or reenactment thereof for the time being in force), all other applicable laws and regulations, the Foreign Exchange Management Act, 1999, including any amendments, statutory modification(s) and / or re-enactment thereof, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, including any amendments, statutory modification(s) and / or re-enactment thereof, regulations for qualified institutions placement contained in Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), and such other statutes, clarifications, the rules, regulations, circulars, notifications, guidelines, if any, as may be applicable, as amended from time to time issued by the Government of India ("**Government of India**"), the Ministry of Corporate Affairs ("**MCA**"), the Reserve Bank of India ("**RBI**"), BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**") and together with BSE, the ("**Stock Exchanges**") where the equity shares of the Company of face value INR 2 ("**Equity Shares**") are listed, the Securities and Exchange Board of India ("**SEBI**") including the SEBI ICDR Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), and any other appropriate authority under any other applicable laws as may be applicable, and in accordance with the provisions of the memorandum of association and articles of association of the Company and / or stipulated in the SEBI Listing Regulations and subject to all other approval(s), consent(s), permission(s) and / or sanction(s) as may be required from various regulatory and statutory authorities, including the Government of India, the RBI, SEBI and the Stock Exchanges (hereinafter referred to as "**Appropriate Authorities**") as may be required, and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval, which may be accepted by the board of directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), the approval of the shareholders of the Company be and is hereby accorded to create, issue, offer and allot (including with provisions on firm and / or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of Securities (as defined hereinafter), for cash, in one or more tranches, with or without green shoe option, whether Rupee denominated or denominated in foreign currency, for an aggregate amount up to INR 150 Crores (Rupees One hundred and Fifty Crores only) by way of one or more public and / or private offerings, and / or on preferential allotment basis including qualified institutions placement ("**QIP**") to qualified institutional buyers as defined in the SEBI ICDR Regulations, by way of an issue of Equity Shares or by way of an issue of any instrument or security including fully / partially convertible debentures or by way of a composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for Equity Shares, global depository receipts, American depository receipts, foreign currency convertible bonds or any other eligible securities (instruments listed above collectively with the Equity Shares to

be hereinafter referred to as the “**Securities**”) or any combination of Securities with or without premium, to be subscribed to in Indian and / or any foreign currencies by all eligible investors, including, resident or non-resident / foreign portfolio investors (whether instructions and / or incorporated bodies and / or trusts or otherwise) / foreign portfolio investors / mutual funds / pension funds / venture capital funds / banks / alternate investment funds and / or multilateral financial institutions, insurance companies and any other category of persons or entities who are authorised to invest in the Securities of the Company as per extant regulations / guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and, whether or not such investors are members of the Company (collectively called “Investors”), to all or any of them, jointly or severally through an offer / placement document and / or other letter or circular and on private placement basis, on such terms and conditions considering the prevailing market conditions and other relevant factors wherever necessary, including securities premium, or its equivalent amount in such foreign currencies as may be necessary, including securities premium, or its equivalent amount in such foreign currencies as may be necessary inclusive of any premium and green shoe option attached thereto, in one or more tranche or tranches, at such price or prices (whether at prevailing market price(s) or at permissible discount or premium to market price(s) in terms of applicable regulations), and on such terms and conditions as the Board may determine in consultation with the book running lead managers, with authority to retain over subscription up to such percentage as may be permitted by the Appropriate Authorities, including the discretion to determine the categories of Investors, considering the prevailing market conditions and other relevant factors wherever necessary, to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilizing agent in terms of green shoe option, if any, exercised by the Company, and where necessary in consultation with the book running lead managers and / or underwriters and / or stabilizing agent and / or other advisors or otherwise on such terms and conditions, including issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and / or in respect of different Securities, deciding of other terms and conditions like number of securities to be issued, face value, number of Equity Shares to be allotted on conversion / redemption / extinguishment of debt(s), rights attached to the warrants, period of conversion, fixing of record date or book closure terms if any, as the Board may in its absolute discretion decide, in each case subject to applicable law.”

“RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of QIP in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as the “**Eligible Securities**”, within the meaning rendered to such term under Regulation 81(a) of the SEBI ICDR Regulations:



1. The allotment of the Eligible Securities, or any combination of the Eligible Securities as may be decided by the Board, shall be completed within 12 months from the date of resolution passed by the shareholders of the Company, or such other time as may be permitted under the SEBI ICDR Regulations.
2. The Equity Shares shall rank pari passu in all respects, including in respect of entitlement to dividend with the existing Equity Shares, as may be provided under the terms of the issue, and in accordance with the provisions of the placement document(s).
3. In the event where Equity Shares are issued, the “relevant date” for the purpose of pricing of the Equity Shares to be issued shall be the date of the meeting in which the Board or the committee thereof decides to open the proposed issue of Equity Shares, subsequent to the receipt of the approval of the shareholders of the Company in accordance with the provisions of the Companies Act, 2013, and such other applicable laws, rules, regulations, and guidelines in relation to the proposed issue of the Equity Shares. If the Eligible Securities issued are eligible convertible securities, the relevant date for the purpose of pricing of the convertible securities to be issued shall be either the date of the meeting which the Board or the committee thereof decides to open the proposed issue, or the date on which the holders of such eligible convertible securities entitled to apply for Equity Shares, as may be determined by the Board or the Committee.
4. Any issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations (“QIP Floor Price”). The Board may, however, at its absolute discretion; issue Equity Shares at a discount of not more than 5% on the QIP Floor Price, or such other discount as may be permitted under applicable regulations.
5. The Equity Shares shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange, or except as may be permitted under the SEBI ICDR Regulations from time to time.
6. The total amount of monies raised in such manner through the QIP, together with other QIP(s) made in the same financial year, if any, shall not exceed five times the net worth of the Company, as per the audited balance sheet of the Company of the previous financial year.”

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the Securities may have such features and attributes, or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof, as per prevailing practices and regulations in the capital markets. These include, but are not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities. The Board be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, to dispose-off such Securities that are not subscribed.”

“RESOLVED FURTHER THAT the Equity Shares that may be issued by the Company in the proposed QIP shall rank pari passu with the existing Equity Shares of the Company in all respects.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue, or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the nature of the issuance, terms and conditions for the issuance of Securities including the number of Securities that may be offered in domestic and international markets and proportion thereof, issue price and discounts permitted under applicable law, premium amount on issue / conversion of the Securities, if any, rate of interest, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with merchant bankers, lead managers, legal advisors, depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalize, approve and issue any document(s) or agreements including but not limited to the placement document and filing such documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers herein conferred by this resolution to any Committee of Directors, or subject to applicable law to the Director or any one or more executives of the Company to give effect to the above resolution.”

“RESOLVED FURTHER THAT any one of the Directors and / or Company Secretary of the Company jointly or severally is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider necessary or desirable to give effect to this resolution.”

Place: Chennai

Date : 18<sup>th</sup> May 2018

**Registered Office**

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

**By Order of the Board**

**S.K. Sivakumar**

*Group - Chief Financial Officer &  
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 dividend of ₹ 1.00 per share has been recommended by the Board of Directors for the year ended 31<sup>st</sup> March 2018, 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 8<sup>th</sup> August 2018 to 13<sup>th</sup> August 2018 (both days inclusive).
6. The proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
7. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7<sup>th</sup> May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on 3<sup>rd</sup> August 2017.
8. 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 Participants(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.
9. 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.

10. 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

11. 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.
12. 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.
13. 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.
14. 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.
15. 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. Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Companies Act, 2013 and the applicable rules.
16. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company is providing/hosting the required details of unclaimed amount referred to under Sec 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)

17. Members may also note that the Notice of the 36<sup>th</sup> Annual General Meeting and the Annual Report for 2017-18 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.

**18. Re-Appointment of Directors:**

At the forthcoming Annual General Meeting, Ms. P. Divya, Director retires by rotation and being eligible offers herself for re-appointment, information or details pertaining to her appointment are 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)**

Ms. P. Divya aged about 35 years, graduated top of her class for post-graduate MS degree in Networked Information Systems from Stevens Institute of Technology, Hoboken, New Jersey, USA. She had completed a BE degree with Honors in Computer Engineering also from Stevens Institute of Technology, Hoboken, New Jersey, USA.

Her career began at Deutsche Bank in Wall St, New York as an Analyst and she quickly rose through the ranks Managing various Projects Globally and ultimately specializing in Change Management & Governance.

During her career in the Company and its subsidiary, she was responsible for Information Technology, Organizational Development and Business Strategy and successfully led several key initiatives of the Company. She is also the co-founder of Avenues School.

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

Directorship	Committee Membership
NC Energy Limited	-
Ponnas Infrastructure Private Limited	-
Dodla Dairy Limited	Audit Committee Nomination & Remuneration Committee Corporate Social Responsibility Committee

Ms. P. Divya holds 16154249 shares in the Company.

**19. 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 for e-Voting are as under:

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

- 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.
- Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- Click on Shareholder - Login.
- Enter the user id and password as initial password noted in step (i) above. Click Login.
- 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.
- Home page of e-Voting opens. Click on e-Voting: Active e-Voting Cycles.
- Select "EVEN" of Nelcast Ltd.
- Now you are ready for e-Voting as Cast Vote Page opens.
- Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once you have voted on the resolutions, you will not be allowed to modify your vote.
- 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:**

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

EVEN	USER ID	PASSWORD/PIN

- 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 9<sup>th</sup> August 2018 @ 9.00 AM and ends on 12<sup>th</sup> August 2018 @ 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 6<sup>th</sup> August 2018, 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 6<sup>th</sup> August 2018.
- 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. 6<sup>th</sup> August 2018, 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 36<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 Special Business mentioned in the Notice.

#### Item No. 4

Mr. P. Deepak, Managing Director has been holding office since 1<sup>st</sup> July 2012 and his appointment is being expired on 30<sup>th</sup> June 2018.

The Nomination & Remuneration Committee at its meeting held on 18<sup>th</sup> May 2018 and the Board of Directors at its meeting held on 18<sup>th</sup> May 2018 has re-appointed Mr. P. Deepak as Managing Director for a further period of five years with effect from 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2023 subject to the approval of members at the Annual General Meeting of the Company.

The approval of the members is being sought for the re-appointment of Mr. P. Deepak as Managing Director of the Company for a period of five years effective from 1<sup>st</sup> July 2018.

Further the members are requested to note that the reappointment of Mr. P. Deepak as the 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. Deepak as 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 a Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals if any, pay Mr. P. Deepak 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. Deepak.

Mr. P. Deepak aged about 33 years, holds a MBA from the Kellogg School of Management, a MS in Engineering Management, a BS in Manufacturing and Design Engineering and a BS in Materials Science and Engineering from Northwestern University, USA. Mr. P. Deepak has over 10 years of industrial experience in different areas including work experience at M/s. Federal-Mogul Corp., USA as a Manufacturing Engineer, M/s. Nelcast USA Inc. as a Manager - Strategy & Planning and M/s. Deere & Company as a Project Manager. He has been the Managing Director of Nelcast Limited since 2012. He also serves as the Chairman of Corporate Social Responsibility Committee of the Company.

Mr. P. Deepak holds 48737668 shares in the Company.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
NC Energy Limited	-
Ponnas Infrastructure Private Limited	-



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. 4 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.

The Board of Directors recommends the ordinary resolution for your approval as set out under Item No. 4.

**Memorandum of Interest:**

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in this resolution, except, Mr. P. Deepak, Managing Director and Ms. P. Divya, Director who are related to each other.

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

**Item No. 5**

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 2019.

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 ordinary resolution for your approval as set out under Item No. 5.

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

**Item No. 6**

Pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, the Board of Directors shall not except with the approval of the Company in general meeting, borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business. The shareholders at their meeting held on 6<sup>th</sup> August 2014 had approved the borrowing limits of the Company up to INR 200 crores (Rupees Two Hundred Crores Only). In view of the business expansion, growing operations and the need for higher credit requirement, it is now proposed to obtain the permission of the members to increase the borrowing limits up to INR 400 Crores (Rupees Four Hundred Crores only).

The Board of Directors recommends the Special 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 this resolution.

**Item No. 7**

Pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 the Company requires consent of the shareholders to be obtained by passing special resolution for the purpose of mortgaging / creating charges on the properties of the Company to secure the loans availed by the Company. The shareholders at their meeting held on 6<sup>th</sup> August 2014 had approved the creation of charges on assets of the Company up to INR 200 crores (Rupees Two Hundred Crores Only). By this proposal the approval of the shareholders is sought for mortgaging/creating charge on the assets of the Company to secure the loans availed by the Company up to a limit of INR 400 Crores (Rupees Four Hundred Crores only).

The Board of Directors recommends the Special Resolution for your approval as set out under Item No. 7.

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

**Item No. 8**

The existing Memorandum of Association of the Company, based on the Companies Act, 1956 are no longer in conformity with the Companies Act, 2013.

In view of the above, it is proposed to amend the existing Memorandum of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table “A” to Schedule I to the Companies Act, 2013 which sets out the model memorandum of association for a company limited by shares.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, read with the rules framed thereunder, amendment of Memorandum of Association requires approval of shareholders by way of Special Resolution.

Accordingly, consent of the members is sought for passing an enabling Special Resolution as set out in this Item. A copy of the existing as well as new Memorandum of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day upto the date of the Annual General Meeting.

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

**Item No. 9**

The existing Articles of Association of the Company, based on the Companies Act, 1956 are no longer in conformity with the Companies Act, 2013.

In view of the above, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table “F” to Schedule I to the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, read with the rules framed thereunder, amendment of Articles of Association requires approval of shareholders by way of Special Resolution.

Accordingly, consent of the members is sought for passing an enabling Special Resolution as set out in this Item. A copy of the existing as well as new Articles of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day upto the date of the Annual General Meeting.

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

#### **Item No. 10**

Pursuant to Sections 23, 42, 62(1)(c) and 71 of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force), SEBI ICDR Regulations and the SEBI Listing Regulations, and any other law for the time being in force, approval of members is required to be obtained by a special resolution for making any further issue of Equity Shares or Securities to any person(s) other than the existing members of the Company.

The special resolution contained at item number 10 of the Notice relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, global depository receipts, American depository receipts, foreign currency convertible bonds, or such other eligible securities, including by way of a qualified institutions placement as defined under the SEBI ICDR Regulations as stated in the resolution (the “**Securities**”, and such creation, issuance, offer and allotment of the Securities, the “**Issue**”), to be subscribed by all eligible investors, including, foreign portfolio investors, who are authorised to invest in the Securities of the Company as per extant rules/ regulations / guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and, whether or not such investors are members of the Company (collectively called “**Investors**”) in accordance with Chapter VIII of the SEBI ICDR Regulations, in one or more tranches, at such price, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board/ Committee and on such terms and conditions as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other factors and wherever necessary, in consultation with lead manager and other agencies that may be appointed by the Board for the purpose of the Issue.

The Company is engaged in the business of manufacturing ductile iron castings and grey iron castings. The Company requires adequate capital to meet the needs of its growing business. Accordingly, it is thought prudent for the Company to have enabling approvals from the shareholders to raise further capital for meeting the needs of its growing business.

This special resolution enables the Board to raise funds for an aggregate amount of up to INR 150 Crores (Rupees One Hundred and Fifty Crores only) ("**Issue Proceeds**"). The Board shall raise funds pursuant to this special resolution and utilize such Issue Proceeds at its absolute discretion towards, inter alia, for the purpose of capital expenditure, repayment of loans, general corporate purposes and for such other purposes as may be deemed appropriate by the board of directors of the Company in accordance with applicable laws.

The special resolution also seeks to empower the Board to issue eligible Securities by way of QIP to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rules thereunder, amended from time to time. The pricing of the eligible Securities that may be issued to QIBs pursuant to SEBI ICDR Regulations shall be determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations ("**QIP Floor Price**").

Further, the Board may also offer a discount of not more than five percent or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations. The "Relevant Date" for this purpose will be the date of the meeting in which the Board or the committee thereof decides to open the proposed issue of Equity Shares as eligible Securities and in case eligible Securities are eligible convertible securities, then either the date of the meeting in which the Board or committee thereof decides to open the proposed issue or the date on which holder of eligible Securities become eligible to apply for Equity Shares, as may be determined by the Board.

The allotment of Eligible Securities shall be completed within a period of 12 months from the date on which the shareholders pass this special resolution.

The Board of Directors, at its meeting held on 18<sup>th</sup> May 2018, has accorded its approval for raising of funds by the Company through issue of Securities, subject to members' approval and such other approvals as may be required under the applicable laws.

The Board of Directors recommends the Special Resolution for your approval as set out under Item No. 10.

The Directors or Key Managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution to the extent of Equity Shares that may be subscribed by the companies / institutions in which they are Directors or members and to the extent of their equity holdings in the Company, if any.

Place: Chennai

Date : 18<sup>th</sup> May 2018

**Registered Office**

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

**By Order of the Board**

**S.K. Sivakumar**

*Group - Chief Financial Officer &  
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

SAI/BABA 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

## **GROUP - CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

**Mr. S.K. Sivakumar**

## **AUDITORS**

K NAGARAJU & ASSOCIATES  
Chartered Accountants  
59, Madhura Nagar, Ameerpet,  
Hyderabad - 500 038

## **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](mailto:nelcast@nelcast.com)  
Website: [www.nelcast.com](http://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

### **3. Pedapariya Unit:**

259 to 261, Pedapariya Village,  
Ozili Mandal, Nellore - 524 402



# Annual Report 2017 - 18

Annual  
Report  
2017 - 18

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## BOARD'S REPORT

Your Directors are pleased to present the Thirty Sixth Annual Report along with the audited financial statements for the financial year ended 31<sup>st</sup> March 2018:

<b>PERFORMANCE FINANCIAL RESULTS</b>	<b>2017-18</b>	<b>(₹ in Lakhs) 2016-17</b>
<b>Total Income</b>	<b>76438.16</b>	<b>64219.01</b>
<b>PBIDT</b>	<b>7588.35</b>	<b>6877.73</b>
<b>Profit Before Tax (PBT)</b>	<b>5703.07</b>	<b>4920.20</b>
Less: Provision for Tax	1876.84	1508.82
<b>Profit After Tax (PAT)</b>	<b>3826.23</b>	<b>3411.38</b>
Add: Profit brought forwarded from previous year	5893.00	4913.46
Other Comprehensive Income	-46.19	-12.99
<b>Total Comprehensive Income available for Appropriation</b>	<b>9673.04</b>	<b>8311.85</b>
<b>Appropriations:</b>		
General Reserve	2500.00	2000.00
Dividend on Equity Shares	783.01	348.00
Distribution Tax on Dividend	159.40	70.85
<b>Surplus Carried to Balance Sheet</b>	<b>6230.63</b>	<b>5893.00</b>

The Company has adopted "Ind AS" with effect from 1<sup>st</sup> April 2017. Financial statements for the year ended and as at 31<sup>st</sup> March 2017 have been re-stated to conform to Ind AS.

### DIVIDEND

Your Directors recommend a dividend of 50% (₹ 1/- per share) for the financial year 2017-18. 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 ₹ 744.54 Crores as against ₹ 574.56 Crores in 2016-17, an increase of about 29.58%. Profit After Tax made during the year is ₹ 37.80 Crores compared with ₹ 33.98 Crores in 2016-17, an increase of about 11.24% compared with previous year. The production during the year was 86,098 MT, compared to the previous year's 73,088 MT.

During the year, the sales of the Company has increased substantially due to increased demand from both Medium and Heavy Commercial Vehicle Industry and Tractor Industry.

## **BOARD'S REPORT - (Contd.)**

### **OUTLOOK**

Most sectors of the Indian Automotive industry have registered strong growth for the last two years which has driven demand for the Auto-Component sector. Given the expected pickup in economy, the growth prospects for the Commercial Vehicle sector looks encouraging. Construction sector saw a healthy pickup in the year 2017-18 and is expected to continue to grow in the upcoming years. The Tractor industry is also likely to grow in the coming year with the indication of normal monsoon. Long term outlook remains positive for the Automotive Industry with most major global players having a base in India for manufacturing, global sourcing and engineering. Increase in Government expenditure on road building, infrastructure and smart cities is likely to lead to an overall growth in demand for the Automotive Industries.

### **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 2018, in accordance with the provisions of Section 129(3) of the Companies Act, 2013 and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed 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 is glad to have upgraded its quality systems to the latest IATF 16949 quality standards. The Company has also been awarded ISO 14001 & OSHAS 18001 certifications for implementing Health, Safety & Environmental Management Systems.

The Company is a supplier to several leading 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., 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 several of our customers in terms of new product development, improvement in quality, etc. to improve our products.

### **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 2018.

## BOARD'S REPORT - (Contd.)

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

Ms. P. Divya, Director is due to retire by rotation and being eligible offers herself for reappointment.

Mr. P. Deepak, Managing Director was reappointed as Managing Director by the board of directors at their meeting held on 18<sup>th</sup> May 2018 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, Group - Chief Financial Officer & 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) and requisite declarations in terms of Section 149(7) of the Companies Act, 2013 have been received.

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

The provisions of Section 178(1) of the Companies Act, 2013 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 Company's website [www.nelcast.com](http://www.nelcast.com)

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors, to the best of their knowledge and ability, 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 2018 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.

## **BOARD'S REPORT - (Contd.)**

### **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 with letter and spirit. A certificate issued by the auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed to this report. The matters relating to Corporate Governance as per the Listing Regulations are attached to this report. The management's discussion and analysis report as required by the Listing Regulations is also annexed which forms part of this report.

### **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 direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

### **REMUNERATION POLICY OF THE COMPANY**

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to Section 178(3) of the Companies Act, 2013 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 [www.nelcast.com](http://www.nelcast.com) 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.



## BOARD'S REPORT - (Contd.)

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.

### **AUDITORS**

At the Annual General Meeting of the Company held on 3<sup>rd</sup> August 2017, M/s.K.Nagaraju & Associates, Chartered Accountants (Firm Registration No.002270S) were appointed as Statutory Auditors of the Company for a term of 5 (five) consecutive years from conclusion of 35<sup>th</sup> Annual General Meeting till the conclusion of the 40<sup>th</sup> Annual General Meeting. They have confirmed that their appointment is 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 2017-18. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2018 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 2018-19 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.

## BOARD'S 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 RESPONSIBILITY (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.

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS**

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. Sessa Reddy**  
Chairman

Place: Chennai  
Date : 18<sup>th</sup> May 2018

## ANNEXURE A TO THE BOARD'S 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. The Company has also certified for ISO 50001. |
| (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   |
| (e) The Company has utilized power generated through wind as alternative source.  |  |

### 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 in excess of 120 new components for these segments. The Company also developed new products for Army, Construction & Mining Applications. The Company is doing many research activities in the areas of new material development, component weight reduction, yield improvement, core weight reduction, process design, process improvement etc.,

**ANNEXURE A TO THE BOARD'S REPORT - (Contd.)**

**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 through the new capabilities developed.
- (c) Improved competency for designing process & products for global customers.
- (d) Reduced product development lead time and improved product quality due to advancement of simulation capabilities.
- (e) Improvement of existing products to achieve higher yield, better productivity & more consistent quality.

**3. Future plan of action:**

- (i) Continued expansion of the product range to serve the local and global market needs.
- (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) Develop new processes technologies to improve the product quality and performance.
- (vi) To co-develop components closely with our customers to improve product performance & manufacturability.

**4. Expenditure on R & D:**

**₹ in Lakhs**

Capital expenditure	:	148.17
Revenue expenditure	:	802.97
<b>Total</b>	:	<b>951.14</b>
Total expenditure as percentage of net sales	:	1.28%

**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 : ₹ 1037.31 Lakhs
- Total Foreign Exchange Earned : ₹ 5723.81 Lakhs

Place: Chennai  
Date : 18<sup>th</sup> May 2018

**For and on behalf of the Board**  
**D. Sessa Reddy**  
Chairman

**ANNEXURE B TO THE BOARD'S 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	4131.00
5	Other Equity	-
6	Total Assets	4131.81
7	Total Equity and Liabilities	4131.81
8	Investments	-
9	Turnover	-
10	Profit Before Taxation	-
11	Provision for Taxation	-
12	Profit After Taxation	-
13	Proposed Dividend	-
14	% of shareholding	93.44

**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.

Place: Chennai  
Date : 18<sup>th</sup> May 2018

**For and on behalf of the Board**  
**D. Sessa Reddy**  
Chairman

## ANNEXURE C TO THE BOARD'S 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	4158.10
Prescribed CSR expenditure 2% of Average Net Profit of the last three financial years	83.16

Details of CSR spent during the financial year 2017-18:

Particulars	₹ in Lakhs
Total amount spent during the year	84.48
Amount unspent, if any	Nil



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

**5. Manner in which the amount spent during the financial year 2017-18 is detailed below:**

S. No.	CSR Project or activity identified	Sector in which the project is covered	Locations	Amount Spent on the Project or Programs (₹ in Lakhs)	Cumulative Expenditure upto reporting period (₹ in Lakhs)	Amt. spent Directly or through implementing Agency
1	Educational, Scholarship, Education, Tuition Support, Book Provisioning, setting up library and providing educational aid to Govt. Schools	Literacy	Gudur & Ponneri	4.51	4.51	Direct
2	Vocational training to unemployed youth, school dropouts, placement linked skills development training to unemployed youth Vocational Training	Vocational Training	Gudur & Ponneri	59.33	59.33	Direct
3	Health Camps, Medical help to Underprivileged, Malnutrition reduction etc.,	Healthcare	Gudur & Ponneri	15.41	15.41	Direct
4	Providing safe drinking water to community	Sanitation Drinking Water	Gudur	5.23	5.23	Direct
				<b>84.48</b>	<b>84.48</b>	

5	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
6	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 : 18<sup>th</sup> May 2018

**P. Deepak**  
**Chairman**  
**CSR Committee**

## ANNEXURE D TO THE BOARD'S REPORT

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

**For the Financial Year Ended 31<sup>st</sup> March 2018**

[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 2018, 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 2018 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;
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

- 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. The 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) Employees 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 Laws;
- 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) The Goods and Services Tax Act, 2017;
- xxi) Customs Act, 1962;
- xxii) Central Excise Act, 1944;
- xxiii) Water (Prevention & Control of Pollution) Act, 1974 and rules thereunder;
- xxiv) Air (Prevention & Control of Pollution) Act, 1981 and rules thereunder;
- xxv) Weekly Holidays Act, 1942;
- xxvi) Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008;
- xxvii) Newspaper Publications;
- xxviii) The Insurance Act, 1938 (as amended by Insurance (Amendment) Act, 2002);
- xxix) The Industrial Employment (Standing Orders) Act, 1946;
- xxx) The Tamil Nadu Factory Rules, 1950;
- xxxi) The Petroleum Act, 1934 and Petroleum Rules, 2002;
- xxxii) Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- xxxiii) The Apprentices Act, 1961;
- xxxiv) The Tamil Nadu Labour Welfare Fund Act;
- xxxv) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

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

2. We have also examined compliance with the applicable clauses of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.
3. We further report that the Company has, in our 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;
  - Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - 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 the Companies Act, 2013 read with Companies (Indian Accounting Standard (Ind AS)) Rules, 2015;
  - Report of the Board of Directors;
  - 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;

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

4. We further report that:
  - The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, 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, Central Excise Tax, Goods and Services Tax, Wealth Tax, etc.,
  - The Company has filed return as per The Factories Act, 1948;
  - The company is regular in publishing Audited and Unaudited Financial Results;
  - The Company is paying bonus to all employees as per the provisions of The Payment of Bonus Act, 1965;
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 : 16<sup>th</sup> May 2018

## ANNEXURE E TO THE BOARD'S REPORT

### FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

**For the Financial Year Ended 31<sup>st</sup> March 2018**

[Pursuant to Section 92(3) of the Companies Act, 2013 and  
Rule No. 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 : **34, Industrial Estate  
Gudur, Andhra Pradesh - 524 101  
Ph: 08624-251266/766  
Fax: 08624-252066**
- (vi) Whether Listed Company Yes / No : **Yes**
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : **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**

#### 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 / Service	% to total turnover of the Company
1	Iron Castings	24319	100

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

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

Sl. No	NAME AND ADDRESS	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of Shares held	Applicable Section
1	NC Energy Limited	U40108TN2010PLC078456	Subsidiary	93.44	2(87)

**ANNEXURE E TO THE BOARD'S 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	64841917	-	64841917	74.530	64891917	-	64891917	74.587	0.057
	(b) Central Government	-	-	-	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-	-	-	-
	(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(f) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1):</b>	<b>64841917</b>	<b>-</b>	<b>64841917</b>	<b>74.530</b>	<b>64891917</b>	<b>-</b>	<b>64891917</b>	<b>74.587</b>	<b>0.057</b>
	<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>64841917</b>	<b>-</b>	<b>64841917</b>	<b>74.530</b>	<b>64891917</b>	<b>-</b>	<b>64891917</b>	<b>74.587</b>	<b>0.057</b>
(1)	<b>B. Public Shareholding Institutions</b>									
	(a) Mutual Funds	-	-	-	-	495994	-	495994	0.570	0.570
	(b) Banks/Financial Institutions	51508	-	51508	0.059	34539	-	34539	0.040	(0.020)
	(c) Central Government	-	-	-	-	8921	-	8921	0.010	0.010
	(d) State Government(s)	-	-	-	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(f) Insurance Companies	-	-	-	-	-	-	-	-	-
	(g) Foreign Institutional Investors / Foreign Portfolio Investors	109500	-	109500	0.126	134500	-	134500	0.155	0.029
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(i) Trusts	2533488	-	2533488	2.912	2582153	-	2582153	2.968	0.056
	(j) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1):</b>	<b>2694496</b>	<b>-</b>	<b>2694496</b>	<b>3.097</b>	<b>3256107</b>	<b>-</b>	<b>3256107</b>	<b>3.743</b>	<b>0.646</b>



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

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>Non-Institutions</b>									
	(a) Bodies Corp.									
	(i) Indian	2896245	-	2896245	3.329	2941976	-	2941976	3.382	0.053
	(ii) Overseas	-	-	-	-	-	-	-	-	-
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	9149799	15	9149814	10.517	9120404	15	9120419	10.483	(0.034)
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	4954925	-	4954925	5.695	5156679	-	5156679	5.927	0.232
	(c) Others									
	(i) Clearing Member	145572	-	145572	0.167	215119	-	215119	0.247	0.080
	(ii) Directors	1891970	-	1891970	2.175	1000000	-	1000000	1.149	(1.025)
	(iii) Employees	3016	-	3016	0.003	3016	-	3016	0.003	-
	(iv) NRIs	423245	-	423245	0.486	415967	-	415967	0.478	(0.008)
	(d) Foreign Collaborators									
	<b>Sub-Total (B)(2):</b>	<b>19464772</b>	<b>15</b>	<b>19464787</b>	<b>22.373</b>	<b>18853161</b>	<b>15</b>	<b>18853176</b>	<b>21.670</b>	<b>(0.703)</b>
	<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>22159268</b>	<b>15</b>	<b>22159283</b>	<b>25.470</b>	<b>22109268</b>	<b>15</b>	<b>22109283</b>	<b>25.413</b>	<b>(0.057)</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	<b>Grand Total</b>	<b>87001185</b>	<b>15</b>	<b>87001200</b>	<b>100.000</b>	<b>87001185</b>	<b>15</b>	<b>87001200</b>	<b>100.000</b>	<b>0.000</b>

#### (ii) Shareholding of Promoters:

Sl. No.	Shareholder's 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	34295905	39.420	0	0.057
2	P. Deepak (HUF)	14441763	16.599	0	14441763	16.599	0	0.000
3	P. Divya	16154249	18.568	0	16154249	18.568	0	0.000
	<b>Total</b>	<b>64841917</b>	<b>74.530</b>	<b>0</b>	<b>64891917</b>	<b>74.587</b>	<b>0</b>	<b>0.057</b>

**ANNEXURE E TO THE BOARD'S 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 At the end of the year	34245905	39.363	34245905 34295905	39.363 39.420
2	P. Deepak (HUF) At the beginning of the year At the end of the year	14441763	16.599	14441763 14441763	16.599 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

**(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 Add: Purchases during the year (Less): Sales during the year At the end of the year	2533488 0 0	2.912 - -	2533488 2533488 2533488 2533488	2.912 2.912 2.912 2.912
2	<b>P VEENA</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	1205075 354 0	1.385 0.000 -	1205075 1205429 1205429 1205429	1.385 1.386 1.386 1.386
3	<b>HEALTHY INVESTMENTS LTD</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	1115745 0 0	1.282 - -	1115745 1115745 1115745 1115745	1.282 1.282 1.282 1.282

**ANNEXURE E TO THE BOARD'S 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
4	<b>P VIRAJA</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	106847 935783 0	0.123 1.076 -	106847 1042630 1042630 1042630	0.123 1.198 1.198 1.198
5	<b>F L DADABHOY</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	486000 0 -18000	0.559 - (0.021)	486000 486000 468000 468000	0.559 0.559 0.538 0.538
6	<b>P F DADABHOY</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	396000 0 -36000	0.455 - (0.041)	396000 396000 360000 360000	0.455 0.455 0.414 0.414
7	<b>N F DADABHOY</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	360000 0 -30000	0.414 - (0.034)	360000 360000 330000 330000	0.414 0.414 0.379 0.379
8	<b>R F DADABHOY</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	360000 0 -30000	0.414 - (0.034)	360000 360000 330000 330000	0.414 0.414 0.379 0.379
9	<b>SHIRIN WATWANI</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	360000 0 -30000	0.414 - (0.034)	360000 360000 330000 330000	0.414 0.414 0.379 0.379
10	<b>RELIANCE CAPITAL TRUSTEE CO LTD</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	0 300000 0	- 0.345 -	0 300000 300000 300000	- 0.345 0.345 0.345

**ANNEXURE E TO THE BOARD'S 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 34295905	39.363 39.420
2	P. Deepak (HUF) At the beginning of the year At the end of the year	14441763	16.599	14441763 14441763	16.599 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 1000000	2.175 1.149
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	7705.41	-	-	7705.41
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>7705.41</b>	-	-	<b>7705.41</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2076.83	-	-	2076.83
• Reduction	-	-	-	-
<b>Net Change</b>	<b>2076.83</b>	-	-	<b>2076.83</b>
<b>Indebtedness at the end of in the financial year</b>				
(i) Principal Amount	9782.24	-	-	9782.24
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9782.24</b>	-	-	<b>9782.24</b>

## ANNEXURE E TO THE BOARD'S 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 Companies Act, 2013 and the Listing Regulations].

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 2017, 3<sup>rd</sup> August 2017, 6<sup>th</sup> November 2017 and 14<sup>th</sup> February 2018.

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

<b>Name of the Director</b>	<b>Board Meetings</b>	<b>Annual General Meeting</b>
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	4	Attended
Mr. P. Vijaya Bhaskar Reddy	4	Attended

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

Directors' Membership as on 31<sup>st</sup> March 2018 in other Boards or Committees thereof:

Name of the Director	Other Boards	Other Board Committees
Mr. D. Sessa 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. Sessa 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 2017, 3<sup>rd</sup> August 2017, 6<sup>th</sup> November 2017 and 14<sup>th</sup> February 2018.

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



## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### 4. **NOMINATION & REMUNERATION COMMITTEE**

The Company has a Nomination and Remuneration Committee constituted pursuant to the provisions of the Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, 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. Sessa Reddy (Independent Director) and Mr. A. Balasubramanian (Independent Director), Members. There was one meeting held on 14<sup>th</sup> February 2018.

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;
- Evaluating the performance of every director, committees of the board and the board as a whole;
- Devising a policy on Board Diversity.

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees. The said policy is posted in the website [www.nelcast.com](http://www.nelcast.com) 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. Sessa Reddy, Ms. P. Divya, and Mr. P. Vijaya Bhaskar Reddy, Members. There was one meeting held on 24<sup>th</sup> May 2017.

### 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 13<sup>th</sup> February 2018, 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.

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### 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 Company also has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations and business model, nature of the industry and environment in which it operates. The details of familiarisation programme have been posted in the website of the Company.

### 9. PARTICULARS OF SITTING FEE / REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2017-18

Particulars of Sitting Fee paid to Non-Executive Directors:

Name of the Non-Executive Directors	Sitting Fee (₹)
Mr. D. Sessa Reddy	1,40,000
Mr. R. Mohan Reddy	1,40,000
Mr. A. Balasubramanian	1,30,000

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. Sessa 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 6<sup>th</sup> November 2017.

**Number of pending share transfers:**

As on 31<sup>st</sup> March 2018, 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**

Group - Chief Financial Officer & 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 2017-18: 3

No. of pending complaints as on 31<sup>st</sup> March 2018: - 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
2016-17	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	03.08.2017	11.00 AM
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

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

Year	Subject Matter of Special Resolution	Date of AGM
2016-17	- Nil -	03.08.2017
2015-16	- Nil -	04.08.2016
2014-15	Re-appointment of Managing Director	06.08.2015

#### 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 2017-18 are disclosed in the report as required under Indian Accounting Standard 24 (Ind AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015. 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.

#### Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2017. Accordingly, the financial statements for the year 2017-18 have been prepared in compliance with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013.

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: 13 <sup>th</sup> August 2018 & 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 2018 - 4<sup>th</sup> week of July 2018.</li> <li>• Results for the quarter and half year ending 30<sup>th</sup> Sep 2018 - 2<sup>nd</sup> week of November 2018.</li> <li>• Results for the quarter and nine months ending 31<sup>st</sup> Dec 2018 - 2<sup>nd</sup> week of February 2019.</li> <li>• Results for the year ending 31<sup>st</sup> March 2019 - by May 2019.</li> </ul>	
Record Date: Date of Book Closure	8 <sup>th</sup> August 2018 to 13 <sup>th</sup> August 2018 (both days inclusive)	
Dividend Payment Date	Within 30 days from 13 <sup>th</sup> August 2018.	
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 2018-19.	

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

**Market price data: High, Low during each month in the financial year 2017-18:**

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'17	65.95	58.35	66.00	58.35
May'17	66.10	56.30	66.25	56.00
Jun'17	69.50	57.80	69.70	57.50
Jul'17	77.80	64.90	78.00	64.50
Aug'17	80.25	58.15	81.80	58.50
Sep'17	76.30	64.25	76.40	64.60
Oct'17	90.70	68.25	90.10	68.00
Nov'17	109.40	78.10	109.20	78.30
Dec'17	108.50	90.60	108.70	90.90
Jan'18	108.50	86.00	108.65	86.00
Feb'18	91.40	75.00	91.75	74.60
Mar'18	94.40	77.60	95.00	76.90

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

Month	BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'17	65.95	58.35	30,184.22	29,241.48
May'17	66.10	56.30	31,255.28	29,804.12
Jun'17	69.50	57.80	31,522.87	30,680.66
Jul'17	77.80	64.90	32,672.66	31,017.11
Aug'17	80.25	58.15	32,686.48	31,128.02
Sep'17	76.30	64.25	32,524.11	31,081.83
Oct'17	90.70	68.25	33,340.17	31,440.48
Nov'17	109.40	78.10	33,865.95	32,683.59
Dec'17	108.50	90.60	34,137.97	32,565.16
Jan'18	108.50	86.00	36,443.98	33,703.37
Feb'18	91.40	75.00	36,256.83	33,482.81
Mar'18	94.40	77.60	34,278.63	32,483.84

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### Registrar and Share Transfer Agents:

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's 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 2018:

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares	% of Share holding
1 – 500	13,250	79.93	23,96,822	2.75
501 – 1000	1,856	11.20	14,98,366	1.72
1001 – 2000	730	4.41	11,24,142	1.29
2001 – 3000	254	1.53	6,49,955	0.75
3001 – 4000	108	0.65	3,87,720	0.45
4001 – 5000	98	0.59	4,68,814	0.54
5001 – 10000	143	0.86	10,43,218	1.20
10001 and above	138	0.83	7,94,32,163	91.30
<b>Total</b>	<b>16,577</b>	<b>100.00</b>	<b>8,70,01,200</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2018:

Category	No. of Shares held	% to Total
Promoter & Promoter Group	6,48,91,917	74.59
Bodies Corporate	29,41,976	3.38
Individuals	1,20,29,039	13.83
Directors/Relatives	32,48,059	3.73
Clearing Members	2,15,119	0.25
Trust	25,82,153	2.97
Foreign Individuals/NRI	5,50,467	0.63
Employees	3,016	0.00
Mutual Funds	4,95,994	0.57
Central Govt./State Govt.	8,921	0.01
Financial Institutions/Banks	34,539	0.04
<b>Total</b>	<b>8,70,01,200</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

**Dematerialization of Shares and liquidity:**

Shares of the Company can be held and traded in electronic form.

100% of the total equity capital is held in dematerialized form with NSDL & CDSL as on 31<sup>st</sup> March 2018.

**Plant Locations:**

**Gudur Unit**

No. 34, Industrial Estate,  
Gudur, Andhra Pradesh - 524 101  
Ph: 08624-251266/766  
Fax: 08624-252066

**Ponneri Unit**

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

**Pedapariya Unit**

S. No. 259 to 261, Pedapariya Village,  
Ozili Mandal, Andhra Pradesh - 524 402

**Address for Correspondence:**

159, TTK Road, Alwarpet, Chennai - 600 018  
Ph: 044-24983111/4111  
Fax: 044-24982111  
E-mail: [nelcast@nelcast.com](mailto:nelcast@nelcast.com)  
Website: [www.nelcast.com](http://www.nelcast.com)

## **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 web site.



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

**16. CEO/CFO CERTIFICATION**

Mr. P. Deepak, CEO & 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 : 18<sup>th</sup> May 2018

**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 2018 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 K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place: Chennai

Date: 18<sup>th</sup> May 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and adopted "IND AS" with effect from 1<sup>st</sup> April 2017. Accordingly, the financial statements for the year 2017-18 have been prepared in compliance with Companies (Indian Accounting Standards) Rules, 2015. 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 11% for the year in spite of a very slow first quarter. The Tractor industry grew at about 22% in the year on the back of a good monsoon. Since the implementation of GST, the outlook on the Commercial Vehicle industry has improved significantly and growth prospects look positive. The expected pickup in the economy and an increase in Government expenditure on road construction, infrastructure and smart cities is likely to lead to an overall growth in demand for Auto industry.

### OPPORTUNITIES AND THREATS

The Company supplies castings for Commercial Vehicles, Tractors, Off-Highway Vehicles and Railways. The Company enjoys the confidence from its valued customers for providing quality products. In the medium to long term, the projected growth of domestic auto industry and ambitious export plans are likely to benefit the Company. The Company continually reviews its business plan and draws out action plans to leverage on its opportunities and counter any threats. The Company's main strength is the ability to make a very large range of castings required by most of our customers. The main threat to which the industry is exposed to is volatility of commodity prices affecting the input costs structure. While current capacity utilisations in the industry are high, there are several investments planned in the industry and a change in the direction of the cyclical nature could lead to overcapacity and price competition. However, the Company strives to create sustainable profitable growth by continuing to focus on technology and quality while offering wide range of products to diversified segments and customers, 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

Given the expected pickup in economy, the growth prospects for the Medium and Heavy Commercial segment looks encouraging. Construction sector saw a healthy pickup in the year and is expected to grow continuously in the upcoming year. The Tractor segment is also expected to see healthy growth this year due to the forecast of a normal monsoon. Long term outlook remains positive for the Automotive Industry with most major global players having base in India for manufacturing, global sourcing and engineering.

## MANAGEMENT DISCUSSION AND ANALYSIS - (Contd.)

### RISKS AND CONCERNS

#### Economy and Market Risk:

The Company's growth is linked to that of the Commercial Vehicle and Tractor industries, which are cyclical in nature. This cyclical nature might affect the demand. Since the Automotive industry plays a major role in enabling economic growth, any slowdown in the overall economy will affect demand. However, the Company has been developing its exports and products in other segments to counter this risk.

#### Capacity Expansion:

The Company is adding capacity to meet the projected demand of customers. The Company is setting up two new manufacturing lines at Pedapariya. The Company closely monitors the progress of customer volumes & projections and appropriately deploys the assets to target optimal utilisation to meet the demand. However, sudden swings in the market are challenging to handle.

#### 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 material prices, availability and cost 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 significantly.

#### Interest Rate Risk:

The Company has judiciously managed the debt-equity ratio. It has been using a mix debt and internal cash accruals. The Company has endeavored to manage the working capital requirements 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.

## MANAGEMENT DISCUSSION AND ANALYSIS - (Contd.)

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

During the year, the Company recorded Net Sales of ₹ 744.54 Crores as against ₹ 574.56 Crores in 2016-17, an increase of about 29.58%. Profit After Tax made during the year is ₹ 37.80 Crores compared with ₹ 33.98 Crores in 2016-17, an increase of about 11.24% compared with previous year. The continuous increase in the raw material prices combined with a lag in recovery of these costs from customers has placed an increasing pressure on margins until material prices stabilise.

The production during the year was 86,098 MT, compared to the previous year's 73,088 MT.

During the year, the sales of the Company has increased substantially due to increased demand from both Medium and Heavy Commercial Vehicle Industry and Tractor Industry.

### 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 2018, the employee strength of the Company was 1050.

### HEALTH, SAFETY AND ENVIRONMENT

The Company is fully committed to the ultimate goal of employee safety. Safety management is integrated with the overall Environment, Health and Safety (EHS). The Company has been certified under Integrated Management System (IMS) 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 all stake holders through the scaling performance of Energy, Safety, Health and Environment.

### 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.

## AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **NELCAST LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity 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 of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standard) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 2018, its profit (including other comprehensive income), cash flows and the changes in equity for the year ended on that date.

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **"Annexure A"** a statement on the matters Specified in paragraphs 3 and 4 of the Order.
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 purpose 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 as amended;
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) with respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"** to this report;
  - 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 standalone Ind AS financial statements.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### For K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn. No. 002270S

### K. NAGARAJU

Partner  
Membership No. 024344

Place : Chennai  
Date : 18.05.2018

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

**ANNEXURE A REFERRED TO IN OUR INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE COMPANY ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018, 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, goods and services 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 2018 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, sales-tax, service tax, duty of customs, goods and services tax and which have not been deposited on account of any disputes. However, according to information and explanations given to us, the following dues of value added tax, and duty of excise have not been deposited by the Company on account of disputes:



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

Name of Statute	Nature of Dues	Amount Involved (₹ in Lakhs)	Period to which the Amount Relates	Forum where Dispute is pending
Central Excise Act, 1994	CENVAT-INPUTS	51.23	2013-14	Commissioner, Appeals, Guntur
Central Excise Act, 1944	CENVAT-INPUT SERVICES	223.11	2009-10 to 2012-13	CESTAT
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, Vizag
Central Excise Act, 1944	CENVAT-INPUT SERVICES	33.53	2014-15 & 2015-16	Commissioner, Appeals, Vizag
Central Excise Act, 1944	CENVAT-INPUTS	1.39	2014-15 & 2015-16	Commissioner, Appeals, Vizag
Central Excise Act, 1944	CENVAT-INPUTS	0.51	2014-15	Commissioner, Appeals, Vizag
Value Added Tax	VAT	1.77	2016-17	Commissioner, (Appeals) (CT)
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

- viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) but the Company has availed a term loan from Bank during the year. The moneys' raised by way of term loans and by way of public offer in earlier years 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.

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

- 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 Standalone IndAS 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 K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

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

### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS 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 2018 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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.

## AUDITORS' REPORT ON THE STANDALONE 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 2018, 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 K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn. No. 002270S

#### K. NAGARAJU

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

## STANDALONE BALANCE SHEET AS AT

PARTICULARS	Note No.	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>I. ASSETS</b>				
<b>A Non-Current Assets</b>				
Property, Plant and Equipment	2	23724.95	24451.44	24735.87
Capital Work-in-Progress	-	3589.53	95.71	16.70
Other Intangible Assets	2	30.31	17.06	39.68
Financial Assets:				
(i) Investments	3	3914.07	3862.12	3659.74
Other Non-Current Assets	4	676.88	20.12	30.91
<b>Total Non-Current Assets</b>		<b>31935.74</b>	<b>28446.45</b>	<b>28482.90</b>
<b>B Current Assets</b>				
Inventories	5	11116.16	9405.00	7400.60
Financial Assets:				
(i) Trade Receivables	6	11723.03	7596.93	6654.76
(ii) Cash and Cash Equivalents	7	5535.52	5339.08	5261.05
(iii) Bank balances other than (ii) above	8	13.42	15.25	17.10
Other Current Assets	9	3351.25	3659.90	3407.13
<b>Total Current Assets</b>		<b>31739.38</b>	<b>26016.16</b>	<b>22740.64</b>
<b>Total Assets</b>		<b>63675.12</b>	<b>54462.61</b>	<b>51223.54</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>A Equity</b>				
Equity Share Capital	10	1740.02	1740.02	1740.02
Other Equity	11	35004.76	32167.13	29187.59
<b>Total Equity</b>		<b>36744.78</b>	<b>33907.15</b>	<b>30927.61</b>
<b>B Liabilities</b>				
<b>1 Non-Current Liabilities</b>				
Financial Liabilities:				
(i) Borrowings	12	3000.00	-	646.15
Deferred Tax Liabilities (Net)	13	4094.94	4002.38	3603.13
<b>Total Non-Current Liabilities</b>		<b>7094.94</b>	<b>4002.38</b>	<b>4249.28</b>
<b>2 Current Liabilities</b>				
Financial Liabilities:				
(i) Borrowings	14	6782.24	7340.52	7385.24
(ii) Trade Payables	15	9440.03	6935.91	4866.43
Other Current Liabilities	16	3270.97	2115.03	3471.96
Provisions	17	342.16	161.62	323.02
<b>Total Current Liabilities</b>		<b>19835.40</b>	<b>16553.08</b>	<b>16046.65</b>
<b>Total Liabilities</b>		<b>26930.34</b>	<b>20555.46</b>	<b>20295.93</b>
<b>Total Equity and Liabilities</b>		<b>63675.12</b>	<b>54462.61</b>	<b>51223.54</b>
<b>Significant Accounting Policies</b>	1			

The accompanying notes form an integral part of the standalone financial statements

### As per our report of even date

#### For K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn No. 002270S

#### K. NAGARAJU

Partner  
Membership No. 024344

#### D. Sesha Reddy

Chairman  
DIN: 00520448

#### A. Balasubramanian

Director  
DIN: 00490921

### For and on behalf of the Board

#### P. Deepak

Managing Director  
DIN: 02785326

#### P. Vijaya Bhaskar Reddy

Dy. Managing Director & CFO  
DIN: 00020592

Place : Chennai  
Date : 18.05.2018

**S. K. Sivakumar**  
Group - Chief Financial Officer &  
Company Secretary

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

PARTICULARS	Note No.	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>Income:</b>			
<b>I</b> Revenue from Operations	<b>18</b>	76006.57	63764.34
<b>II</b> Other Income	<b>19</b>	431.59	454.67
<b>III</b> <b>Total Income (I+II)</b>		<b>76438.16</b>	<b>64219.01</b>
<b>IV</b> <b>Expenses:</b>			
Cost of Materials Consumed	<b>20</b>	35139.95	25227.01
Changes in Inventories of Finished Goods & Work-in-Progress	<b>21</b>	-164.29	-829.02
Excise Duty	-	1552.53	6308.57
Employee Benefits Expense	<b>22</b>	4615.04	4129.47
Finance Costs	<b>23</b>	292.35	615.15
Depreciation & Amortisation Expense	<b>24</b>	1592.93	1342.38
Other Expenses	<b>25</b>	27706.58	22505.25
<b>Total Expenses</b>		<b>70735.09</b>	<b>59298.81</b>
<b>V</b> <b>Profit Before Exceptional Items and Tax (III-IV)</b>		<b>5703.07</b>	<b>4920.20</b>
<b>VI</b> Exceptional Items		-	-
<b>VII</b> <b>Profit before Tax (V-VI)</b>		<b>5703.07</b>	<b>4920.20</b>
<b>VIII</b> <b>Tax Expenses:</b>			
(1). Current Tax	<b>26</b>	1783.90	1333.70
(2). Defferred Tax		92.94	175.12
		<b>1876.84</b>	<b>1508.82</b>
<b>IX</b> <b>Profit for the Period (VII-VIII)</b>		<b>3826.23</b>	<b>3411.38</b>
<b>X</b> <b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		70.64	19.86
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-24.45	-6.87
B. (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>XI</b> <b>Total Other Comprehensive Income, net of taxes</b>		<b>46.19</b>	<b>12.99</b>
<b>XI</b> <b>Total Comprehensive Income for the period (IX-X)</b>		<b>3780.04</b>	<b>3398.39</b>
<b>XII</b> <b>Earnings per Equity Share:</b>	<b>27</b>		
(1). Basic		<b>4.40</b>	<b>3.92</b>
(2). Diluted		<b>4.40</b>	<b>3.92</b>
<b>Significant Accounting Policies</b>	<b>1</b>		

The accompanying notes form an integral part of the standalone financial statements

**As per our report of even date**

**For K NAGARAJU & ASSOCIATES**  
Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**  
Partner  
Membership No. 024344

**D. Sesha Reddy**  
Chairman  
DIN: 00520448

**A. Balasubramanian**  
Director  
DIN: 00490921

**For and on behalf of the Board**

**P. Deepak**  
Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO  
DIN: 00020592

Place : Chennai  
Date : 18.05.2018

**S. K. Sivakumar**  
Group - Chief Financial Officer &  
Company Secretary

## STANDALONE CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax</b>	<b>5703.07</b>	<b>4920.20</b>
Adjustments for:		
Depreciation & Amortisation Expense	1592.93	1342.38
Interest Income	-87.93	-314.73
(Profit)/Loss on sale of assets	-	-0.44
Interest Paid	292.35	615.15
Remeasurement of Defined Benefit Plans	-70.64	-19.86
	1726.71	1622.50
<b>Operating Profit before Working Capital Changes</b>	<b>7429.78</b>	<b>6542.70</b>
<b>Adjustment for:</b>		
Inventories	-1711.16	-2004.39
Trade Receivables	-4126.10	-942.17
Other Current Assets	332.73	-28.64
Other Non-Current Assets	-656.76	10.79
Trade Payables	2504.12	2069.48
Other Current Liabilities	1155.94	-1356.93
Provisions	180.54	-161.40
	<b>-2320.69</b>	<b>-2413.26</b>
<b>Cash generated from Operations</b>	<b>5109.09</b>	<b>4129.44</b>
Taxes Paid / Provision for Tax	-1783.90	-1326.83
<b>Cash flow before Prior-period Items</b>	<b>3325.19</b>	<b>2802.61</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>3325.19</b>	<b>2802.61</b>
<b>TOTAL A</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-879.70	-1037.23
Sale of Property, Plant and Equipment	-	2.40
(Increase)/Decrease in Capital Work-In-Progress	-3493.82	-79.01
(Increase)/Decrease in Investments	-51.95	-202.38
(Increase)/Decrease in Unpaid Dividend A/cs	1.83	1.85
Interest Income	87.93	314.73
<b>Net Cash from / (used in) in Investing Activities</b>	<b>-4335.71</b>	<b>-999.71</b>
<b>TOTAL B</b>		

## STANDALONE CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Borrowings	3000.00	-646.15
Issue of Share Capital	-	-
Interest paid	-292.35	-615.15
Dividend Paid (Including Dividend Tax)	-942.41	-418.85
<b>Net Cash from / (used in) Financing Activities TOTAL C</b>	<b>1765.24</b>	<b>-1680.15</b>
 <b>Net Increase / (Decrease) in Cash and Cash equivalents A+B+C</b>	 <b>754.72</b>	 <b>122.75</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		
Cash and Bank Balances	5339.08	5261.05
Cash Credit Balance	-7340.52	-7385.24
	<b>-2001.44</b>	<b>-2124.19</b>
 <b>Cash and Cash Equivalents at the end of the year</b>		
Cash and Bank Balances	5535.52	5339.08
Cash Credit Balance	-6782.24	-7340.52
	<b>-1246.72</b>	<b>-2001.44</b>

The accompanying notes form an integral part of the standalone financial statements

**As per our report of even date**

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

**For and on behalf of the Board**

**P. Deepak**

Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**

Dy. Managing Director & CFO  
DIN: 00020592

**S. K. Sivakumar**

Group - Chief Financial Officer &  
Company Secretary



## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018

I. Equity Share Capital	Note	No. of Shares	₹ in Lakhs		
Equity Shares of ₹ 2/- each issued, subscribed and fully paid up					
Balance as at 1 <sup>st</sup> April 2016	10	8,70,01,200	1740.02		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2017</b>	10	<b>8,70,01,200</b>	<b>1740.02</b>		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2018</b>	10	<b>8,70,01,200</b>	<b>1740.02</b>		
II. Other Equity	Note	Securities Premium Account	General Reserve	Retained Earnings	Total ₹ in Lakhs
Balance as at 1 <sup>st</sup> April 2016	11	8774.13	15500.00	4913.46	29187.59
Profit for the period		-	-	3411.38	3411.38
Other Comprehensive Income		-	-	-12.99	-12.99
Transfer (to) / from Reserves		-	2000.00	-2000.00	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-418.85	-418.85
<b>Balance as at 31<sup>st</sup> March 2017</b>	11	<b>8774.13</b>	<b>17500.00</b>	<b>5893.00</b>	<b>32167.13</b>
Profit for the period		-	-	3826.23	3826.23
Other Comprehensive Income		-	-	-46.19	-46.19
Transfer (to) / from Reserves		-	2500.00	-2500.00	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-942.41	-942.41
<b>Balance as at 31<sup>st</sup> March 2018</b>	11	<b>8774.13</b>	<b>20000.00</b>	<b>6230.63</b>	<b>35004.76</b>

The accompanying notes form an integral part of the standalone financial statements.

### As per our report of even date

#### For K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn No. 002270S

#### K. NAGARAJU

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

### For and on behalf of the Board

#### D. Sessa Reddy

Chairman  
DIN: 00520448

#### A. Balasubramanian

Director  
DIN: 00490921

#### P. Deepak

Managing Director  
DIN: 02785326

#### P. Vijaya Bhaskar Reddy

Dy. Managing Director & CFO  
DIN: 00020592

#### S. K. Sivakumar

Group - Chief Financial Officer &  
Company Secretary

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### GENERAL INFORMATION

Nelcast Limited ("the Company") is engaged in the manufacture of Iron Castings. The Company has manufacturing plants at Gudur, Andhra Pradesh and Ponneri, Tamil Nadu. The Company is a public limited Company and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standard) Rules, 2015, as amended.

For all periods up to and including the year ended 31<sup>st</sup> March 2017, the Company prepared its financial statements in accordance with the previous GAAP, which includes standards notified under the Companies (Accounts) Rules, 2014.

This is the Company's first Ind AS financial statements. The date of transition to Ind AS is 1<sup>st</sup> April 2016. The Ind AS financial statements is prepared on historical cost convention, except in case of certain financial instruments which are recognised at fair value at the end of the reporting period and on an accrual basis as a going concern. Refer Note No.41 for information on how the Company has adopted Ind AS.

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the part I of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

#### 1.2 USE OF ESTIMATES

The preparation of the Ind AS financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenue and expenses for the year and disclosure of contingent liabilities and contingent assets as of the date of Balance Sheet. The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognised in the period in which the results are known / materialise.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 1.3 FAIR VALUE MEASUREMENT

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### **Non-Derivative Financial Instruments**

##### (i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

##### (iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

##### (iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest where the fair value differs from the Transaction Price. Where the fair value does not differ, materially, from Transaction Price, the financial liabilities are stated at transaction price only.

#### **Derivative Financial Instruments**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 1.4 PROPERTY, PLANT AND EQUIPMENT

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are recorded at cost less accumulated depreciation. The cost of an item of property, plant and equipment is net of duty or tax credit availed. The company capitalizes all costs relating to acquisition and installation of assets. Cost of spares relating to specific item of asset is capitalized. Interest and other related costs, attributable to major projects are capitalized as part of the cost of respective assets. Cost of assets not ready to use before such date are disclosed under “Capital Work-in-Progress”.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1<sup>st</sup> April 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

The residual values, useful live and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is provided using the Straight Line Method as per the useful lives of the assets at the rates prescribed under Schedule II of the Companies Act, 2013.

### 1.5 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss.

Costs incurred towards purchase of computer software are amortized using the straight line method over a period based on management’s estimate of useful lives of such software or over the license period of the software, whichever is shorter.

The Company has elected to continue with the carrying value of all of its Intangible Assets recognised as of 1<sup>st</sup> April 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

### 1.6 IMPAIRMENT OF ASSETS

All assets other than Inventories and Investments are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount of those assets may not be fully recoverable, in such cases the carrying amount of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss.

The Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be reckoned from initial recognition of the receivables. For financial assets, expected credit loss is measured at an amount equal to the 12-month expected credit loss, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime expected credit loss. The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in Statement of Profit and Loss.

If at the Balance sheet date there is an indication that the previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

## **NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

### **1.7 INVESTMENTS**

All Investments are carried at fair value. Investments, which at the inception, have been designated to be held for a long term capital appreciation, the changes in the fair value are considered through Other Comprehensive Income. All other investments are valued at fair value and the gains or losses being recognised in 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.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **1.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **1.10 LEASES**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. In respect of agreements entered into by the Company before the date of transition to Ind AS, the Company has determined the transaction based on facts and conditions as at the transition date.

A lease is classified at the inception date as a finance lease or as an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Lease where the Lessor retains substantially all the risks and rewards incidental to the ownership is classified as an operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on straight-line basis over the lease term.

### **1.11 SEGMENT INFORMATION**

The Company is principally engaged only in the business of manufacture of Iron Castings and there are no other reportable segments.

### **1.12 CONTRIBUTED EQUITY**

Equity Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **1.13 DIVIDEND**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Board.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 1.14 GOVERNMENT GRANTS AND SUBSIDIES

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 1.15 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

In line with Ind AS 18, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since, the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/value added tax/goods and services tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. Revenue recognised by the Company is net of price revision and claims.

The specific recognition criteria described below must also be met before revenue is recognised:

**Sale of goods:** Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and collectability of resulting receivable. Claims on the Company for price revision are accounted when facts and circumstances indicate that a price reduction is probable and the amount is can be reasonably estimated. The claims by the Company are recorded when it is accepted and it is reasonably certain that the amounts will be collected.

**Interest Income:** For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Profit on sale of investments:** Profit on sale of investments is recognised only at the time when the investments are realized.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Export benefits, incentives and licenses:** Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### 1.16 FOREIGN CURRENCY TRANSACTION

#### **Initial Recognition:**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **Subsequent Recognition:**

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

### 1.17 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale capitalized as part of the cost of an asset. Where specific borrowings are identified to assets, the Company uses the interest rates applicable to that specific borrowing as the capitalization rate. Where borrowings cannot be specifically identified to assets, the capitalization rate applied is the weighted average of the interest rates applicable to all borrowings of the Company.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 1.18 TAXES

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Indian Income Tax Act, 1961. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

### 1.19 EMPLOYEE BENEFITS

#### a. Defined Contribution Plans

- i) **Provident Fund:** The Company makes monthly Provident contributions at specified percentage of specified salary in accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the contributions are charged to Statement of Profit and Loss.
- ii) **Superannuation Fund:** The Company makes annual Superannuation fund contributions to defined contribution plan, administered by the Life Insurance Corporation of India, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of specified salary to fund the benefits. The contributions are charged to the Statement of Profit and Loss.

#### b. Defined Benefit Plan

**Gratuity:** The Company provides for Gratuity, a defined benefit retirement plan covering eligible employees as per the provisions of the Payment of Gratuity Act, 1972. The plan provides for a payment to vested employees at retirement, death while in employment or on termination of employment, an amount equivalent to fifteen days salary payable for each year of completed service subject to maximum amount as may be prescribed. Vesting occurs upon completion of five years of service, except in case of death while in employment in which case the legal heirs would receive the Gratuity.

The cost of providing benefits determined using the projected unit credit method, which actuarial valuation being carried out at each Balance Sheet date. The retirement benefit obligation recognised as expenditure represents the present value of defined benefit obligation as reduced by the fair value of scheme assets. The Company makes contribution to Life Insurance Corporation of India to administer the fund. The changes in the actuarial assumptions are accounted through Other Comprehensive Income.



## **NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

### **1.20 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 are no diluted earnings per share as there are no dilutive potential equity shares.

### **1.21 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Current Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent Assets are neither recognised nor disclosed in the financial statements.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(₹ in Lakhs)

PARTICULARS	Gross Carrying Amount			Depreciation / Amortisation				Net Carrying Amount As at 31 <sup>st</sup> March 2017
	As at 1 <sup>st</sup> April 2016 (Deemed Cost)	Additions	Disposals	As at 31 <sup>st</sup> March 2017	Upto 1 <sup>st</sup> April 2016	Charge during the year	Disposals	Upto 31 <sup>st</sup> March 2017
<b>(i). Tangible Assets</b>								
Freehold Land	3025.44	263.83	-	3289.27	-	-	-	3289.27
Freehold Buildings	4058.00	2.36	-	4060.36	-	244.82	-	3815.54
Plant and Equipment	17362.67	752.13	-	18114.80	-	979.83	-	17134.97
Office Equipment	30.90	6.93	0.99	36.84	-	6.03	0.29	31.10
Vehicles	179.83	-	11.18	168.65	-	59.48	9.91	119.08
Furniture and Fittings	65.24	2.82	-	68.06	-	18.68	-	49.38
Computers	13.79	7.35	-	21.14	-	9.05	-	12.09
	24735.87	1035.42	12.17	25759.12	-	1317.89	10.20	24451.44
<b>(ii). Other Intangible Assets</b>								
Computer Software	39.68	1.87	-	41.55	-	24.49	-	17.06
<b>TOTAL</b>	24775.55	1037.29	12.17	25800.67	-	1342.38	10.20	24468.50

**2. PROPERTY, PLANT & EQUIPMENT**

Year ended 31<sup>st</sup> March 2017

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 2. PROPERTY, PLANT & EQUIPMENT

Year ended 31<sup>st</sup> March 2018

(₹ in Lakhs)

PARTICULARS	Gross Carrying Amount			Depreciation / Amortisation				Net Carrying Amount As at 31 <sup>st</sup> March 2018
	As at 1 <sup>st</sup> April 2017	Additions	Disposals	As at 31 <sup>st</sup> March 2018	Upto 31 <sup>st</sup> March 2017	Charge during the year	Disposals	
(i). Tangible Assets								
Freehold Land	3289.27	88.57	-	3377.84	-	-	-	3377.84
Freehold Buildings	4060.36	110.28	-	4170.64	244.82	247.80	-	492.62
Plant and Equipment	18114.80	611.24	-	18726.04	979.83	1242.00	-	2221.83
Office Equipment	36.84	12.45	-	49.29	5.74	6.13	-	11.87
Vehicles	168.65	-	-	168.65	49.57	57.68	-	107.25
Furniture and Fittings	68.06	14.80	-	82.86	18.68	19.90	-	38.58
Computers	21.14	20.26	-	41.40	9.05	10.57	-	19.62
	25759.12	857.60	-	26616.72	1307.69	1584.08	-	2891.77
(ii). Other Intangible Assets								
Computer Software	41.55	22.10	-	63.65	24.49	8.85	-	33.34
TOTAL	25800.67	879.70	-	26680.37	1332.18	1592.93	-	2925.11
								23755.26

- Capital work-in-progress as on 31<sup>st</sup> March 2018: ₹ 3589.53 Lakhs (31<sup>st</sup> March 2017: ₹ 95.71 Lakhs, 1<sup>st</sup> April 2016: ₹ 16.70 Lakhs)
- Borrowing costs capitalized during the year for assets held under Capital Work-in-progress is ₹ 76.82 Lakhs (31<sup>st</sup> March 2017: ₹ Nil, 1<sup>st</sup> April 2016: ₹ Nil)
- Details of security of property, plant and equipment subject to charge to secured borrowings is given in Note No. 29
- Details of capital expenditure on research and development is given in Note No. 33
- For property, plant and equipment and other intangible assets existing as at 1<sup>st</sup> April 2016, i.e. date of transition to Ind AS, the Company has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net written down value as per previous GAAP as at 1<sup>st</sup> April 2016 has been considered as deemed cost under Ind AS.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>3. INVESTMENTS</b>			
Trade, Unquoted - At Cost - Fully Paid-Up			
Investment in Equity Instruments:			
Subsidiaries :			
- <b>NC Energy Limited</b> 3,86,00,000 (3,85,10,000) (3,65,10,000) Equity shares of ₹ 10/- each	3860.00	3851.00	3651.00
Others:			
- <b>Suzlon Engitech Ltd</b> 59,903 Equity shares of ₹ 10 /- each	5.99	5.99	5.99
- <b>OPG Power Generation Pvt Ltd</b> 56,800 (46,600) (25,000) Equity shares of ₹ 10 /- each	6.30	5.13	2.75
- <b>Watsun Infrabuild Pvt Ltd</b> 4,17,836 Equity shares of ₹ 10 /- each	41.78	-	-
<b>Total</b>	<b>3914.07</b>	<b>3862.12</b>	<b>3659.74</b>
<b>4. OTHER NON-CURRENT ASSETS</b> (Unsecured, Considered Good)			
Capital Advances	676.88	20.12	30.91
<b>Total</b>	<b>676.88</b>	<b>20.12</b>	<b>30.91</b>
<b>5. INVENTORIES</b>			
Raw Materials	3337.45	1988.55	1172.86
Work-in-progress	2898.85	1663.48	1725.44
Finished Goods	2731.28	3802.36	2911.38
Stores and Spares	316.23	285.77	258.17
Loose Tools	1565.91	1307.48	920.02
Moulding Boxes & Patterns	266.44	357.36	412.73
<b>Total</b>	<b>11116.16</b>	<b>9405.00</b>	<b>7400.60</b>
> Valued at lower of cost and net realisable value			
<b>6. TRADE RECEIVABLES</b>			
Unsecured, Considered Good	11723.03	7596.93	6654.76
<b>Total</b>	<b>11723.03</b>	<b>7596.93</b>	<b>6654.76</b>
Trade Receivables include an amount of ₹ 122.29 Lakhs (Previous Year: ₹ 257.52 Lakhs), outstanding for a period exceeding six months.			

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>7. CASH AND CASH EQUIVALENTS</b>			
Balances with Banks:			
- In Current Accounts	233.15	86.62	130.93
- Short Term Fixed Deposits	5297.30	5250.00	5121.67
Cash on Hand	5.07	2.46	8.45
<b>Total</b>	<b>5535.52</b>	<b>5339.08</b>	<b>5261.05</b>
<b>8. BANK BALANCES OTHER THAN (7) ABOVE</b>			
Unpaid Dividend Accounts	13.42	15.25	17.10
<b>Total</b>	<b>13.42</b>	<b>15.25</b>	<b>17.10</b>
<b>9. OTHER CURRENT ASSETS</b>			
Deposits / Advances with Govt. Authorities and Companies	2775.96	3428.61	2857.43
Advances for Supplies & Services	380.04	40.37	373.25
Advances given to Employees	21.55	12.64	22.93
Rental Advance	66.00	66.00	66.00
Accrued Interest on Fixed Deposits	107.70	112.28	87.52
<b>Total</b>	<b>3351.25</b>	<b>3659.90</b>	<b>3407.13</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 10. EQUITY SHARE CAPITAL

	Number of Shares	₹ in Lakhs
<b>Authorised:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2016</b>	12,50,00,000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	12,50,00,000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	12,50,00,000	2500.00
<b>Issued, Subscribed and Paidup:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2016</b>	8,70,01,200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	8,70,01,200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	8,70,01,200	1740.02
<b>Movements in Equity Share Capital:</b>		
<b>As at 1<sup>st</sup> April 2016</b>	8,70,01,200	1740.02
<b>As at 31<sup>st</sup> March 2017</b>	8,70,01,200	1740.02
<b>As at 31<sup>st</sup> March 2018</b>	8,70,01,200	1740.02

- The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.
- For the year ended 31<sup>st</sup> March 2018, the amount of dividend per share declared as distributions to equity shareholders was ₹ 1.00 (31<sup>st</sup> March 2017: ₹ 0.90). Refer note 11 for details of dividend declared/recognised in financial statements.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Details of equity shareholders holding more than 5% :

Name of the shareholder	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	%	No. of shares	%	No. of shares	%
P. Deepak	34295905	39.42	34245905	39.36	34245905	39.36
P. Deepak (HUF)	14441763	16.60	14441763	16.60	14349500	16.49
P. Divya	16154249	18.57	16154249	18.57	16154249	18.57
	<b>64891917</b>	<b>74.59</b>	<b>64841917</b>	<b>74.53</b>	<b>64749654</b>	<b>74.42</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>11. OTHER EQUITY</b>			
Securities Premium Account	8774.13	8774.13	8774.13
General Reserve	20000.00	17500.00	15500.00
Retained Earnings	6230.63	5893.00	4913.46
<b>Total Reserves and Surplus</b>	<b>35004.76</b>	<b>32167.13</b>	<b>29187.59</b>
<b>Securities Premium Account</b>			
Opening Balance	8774.13	8774.13	8774.13
Additions during the year	-	-	-
(Deductions) / (Adjustments) during the year	-	-	-
<b>Closing Balance</b>	<b>8774.13</b>	<b>8774.13</b>	<b>8774.13</b>
<b>General Reserve</b>			
Opening Balance	17500.00	15500.00	13500.00
Additions during the year	2500.00	2000.00	2000.00
(Deductions) / (Adjustments) during the year	-	-	-
<b>Closing Balance</b>	<b>20000.00</b>	<b>17500.00</b>	<b>15500.00</b>
<b>Retained Earnings</b>			
Opening Balance	5893.00	4913.46	4145.38
Total Comprehensive Income for the period	3780.04	3398.39	3186.93
<b>Amount available for Appropriation</b>	<b>9673.04</b>	<b>8311.85</b>	<b>7332.31</b>
<b>Appropriations:</b>			
- General Reserve	2500.00	2000.00	2000.00
- Dividend on Equity Shares	783.01	348.00	348.00
- Dividend Distribution Tax on above	159.40	70.85	70.85
<b>Closing Balance</b>	<b>6230.63</b>	<b>5893.00</b>	<b>4913.46</b>
<b>12. BORROWINGS - NON CURRENT</b>			
Term Loan from Banks	3000.00	-	646.15
(Refer Note No.29)			
<b>Total</b>	<b>3000.00</b>	<b>-</b>	<b>646.15</b>
<b>13. DEFERRED TAX LIABILITIES (NET)</b>			
Deferred Tax Liability - Property, Plant and Equipment	4120.10	4027.63	3889.25
Deferred Tax Asset - Employee benefits	-25.16	-1.17	-37.91
<b>Unused tax credits:</b>			
MAT Credit Entitlement	-	-24.08	-248.21
<b>Total</b>	<b>4094.94</b>	<b>4002.38</b>	<b>3603.13</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>14. BORROWINGS - CURRENT</b>			
Secured Loans Repayable on Demand to Banks:			
- Working Capital Loans (Refer Note No.29)	6782.24	7340.52	7385.24
<b>Total</b>	<b>6782.24</b>	<b>7340.52</b>	<b>7385.24</b>
<b>15. TRADE PAYABLES</b>			
Secured Loans Repayable on Demand to Banks:			
Trade Payables:			
Total outstanding dues of MSME (Refer Note No.34)	150.39	50.04	149.20
Total outstanding dues of creditors other than MSME	9289.64	6885.87	4717.23
<b>Total</b>	<b>9440.03</b>	<b>6935.91</b>	<b>4866.43</b>
<b>16. OTHER CURRENT LIABILITIES</b>			
Current Maturities of Long-Term Debt:			
- Term Loans from Banks (Refer Note No.29)	-	364.89	1604.76
Unpaid Dividends	13.42	15.25	17.10
Statutory Dues	1782.84	545.19	509.09
Advances received from Customers	211.03	217.45	184.28
Outstanding Expenses	1263.68	972.25	1156.73
<b>Total</b>	<b>3270.97</b>	<b>2115.03</b>	<b>3471.96</b>
<b>17. PROVISIONS</b>			
Provision for Employee Benefits:			
- Gratuity	71.86	-	29.76
- Bonus	151.52	149.85	195.99
Provision for Income Tax (Net of TDS / Advance Tax / MAT Credit)	118.78	11.77	97.27
<b>Total</b>	<b>342.16</b>	<b>161.62</b>	<b>323.02</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	76006.57	63764.34
<b>Total</b>	<b>76006.57</b>	<b>63764.34</b>
<b>19. OTHER INCOME</b>		
Interest Income	87.93	314.73
Gain on Foreign Currency Transaction (Net)	180.73	-
Gain on sale of assets	-	1.13
Export Incentive	162.93	138.81
<b>Total</b>	<b>431.59</b>	<b>454.67</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Raw Materials at the beginning of the year	1988.55	1172.86
Add: Purchases	36488.85	26042.70
(Less): Raw Materials at the end of the year	-3337.45	-1988.55
<b>Cost of Materials Consumed</b>	<b>35139.95</b>	<b>25227.01</b>
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	2731.28	3802.36
Work-in-Progress	2898.85	1663.48
	<b>5630.13</b>	<b>5465.84</b>
<b>Opening Stock</b>		
Finished Goods	3802.36	2911.38
Work-in-Progress	1663.48	1725.44
	<b>5465.84</b>	<b>4636.82</b>
<b>Decrease in Inventories of FG &amp; WIP</b>	<b>-164.29</b>	<b>-829.02</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3815.47	3326.51
Contribution to Provident and Other Funds	298.18	274.16
Staff Welfare Expenses	501.39	528.80
<b>Total</b>	<b>4615.04</b>	<b>4129.47</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>23. FINANCE COSTS</b>		
Interest Expense	334.05	663.83
Other Borrowing Costs	220.98	234.39
	<b>555.03</b>	<b>898.22</b>
Interest on Short Term Deposits	-262.68	-283.07
<b>Total</b>	<b>292.35</b>	<b>615.15</b>
<b>24. DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Property, Plant and Equipment	1584.08	1317.89
Other Intangible Assets	8.85	24.49
<b>Total</b>	<b>1592.93</b>	<b>1342.38</b>
<b>25. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2629.19	2155.84
Fettling and Other Manufacturing Expenses	8994.12	6741.88
Power and Fuel	10585.98	9406.62
Freight and Forwarding Charges	2485.10	1657.41
Repairs and Maintenance:		
- Plant and Machinery	1677.80	1357.57
- Buildings	183.88	116.95
Rent	154.23	132.56
Insurance	86.78	58.84
Rates and taxes	24.31	10.76
Printing and Stationery	35.27	36.91
Travelling and Conveyance	355.12	363.63
CSR Expenses (Refer Note No. 30)	84.48	75.63
Advertisement	3.45	4.36
Legal and Professional Charges	135.01	125.90
Communication Charges	33.50	40.21
Payment to Auditors:		
- Audit Fee	13.00	13.00
- Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	4.10	4.40
Books, Periodicals & Subscriptions	7.97	19.64
Vehicle and Office Maintenance	104.35	73.26
Selling Expenses	98.47	77.99
Loss on Foreign Currency Transaction (Net)	-	23.92
Loss on Asset Scrapped / Sold	-	0.69
Miscellaneous Expenses	8.47	5.28
<b>Total</b>	<b>27706.58</b>	<b>22505.25</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 26. INCOME TAX

The major components of Income Tax are given below:

₹ in lakhs

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Profit or Loss:</b>		
Current Tax:		
Current Income Tax Charge	1787.44	1330.90
Adjustment of current tax of previous year	-3.54	2.80
<b>Total</b>	<b>1783.90</b>	<b>1333.70</b>
Deferred Tax:		
Relating to the origination and reversal of temporary differences	92.94	175.12
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>1876.84</b>	<b>1508.82</b>
<b>Other Comprehensive Income:</b>		
Current Tax:		
Tax related to items recognised in other comprehensive income during the year:		
Remeasurement of Defined Benefit Plans	-24.45	-6.87
<b>Income tax charged to Other Comprehensive Income</b>	<b>-24.45</b>	<b>-6.87</b>

#### Reconciliation of tax expense and the accounting profit multiplied by India's Domestic Tax rate for 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017:

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of company tax in India (34.608%) as follows:

₹ in lakhs

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Accounting Profit before income tax	5703.07	4920.20
Enacted tax rate in India	34.608%	34.608%
Profit before income tax multiplied by enacted tax rate	1973.72	1702.78
Effects of:		
Additional deduction on Research and Development Expenses	-212.79	-278.99
Additional deduction under Income Tax Act based on capital investment	-18.54	-138.23
Disallowances	45.05	45.34
Adjustment of current tax of previous year	-3.54	2.80
<b>Net effective Income Tax</b>	<b>1783.90</b>	<b>1333.70</b>

During the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017, the Company has paid Dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to Equity.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 27. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity Shares that would be issued on conversion of all the dilutive potential Equity Shares in to Equity Shares.

The Basic and Diluted EPS calculations are given below:

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit after tax (₹ in Lakhs)	3826.23	3411.38
Weighted average number of shares in Lakhs		
- Basic	870.01	870.01
- Diluted	870.01	870.01
Earnings per share of ₹ 2/- each		
- Basic	4.40	3.92
- Diluted	4.40	3.92

### 28. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

**Taxes:** The Company has unused tax credits (Minimum Alternate Tax (MAT)) of ₹ 24.08 Lakhs as on 31<sup>st</sup> March 2017 (1<sup>st</sup> April 2016: ₹ 248.21 Lakhs). The Company based on its business plan along with supporting convincing evidence including future projections of profit believes that the unused tax credits would be utilized within the stipulated time period as per the Income Tax Act, 1961.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit gratuity plan are given in Note No. 36.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

- 29.** (i). 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.

(ii). Terms of Repayment

#### Loan Description

Term Loan - Banks

#### Repayment Terms

Quarterly Installment

### 30. DETAILS OF CSR EXPENDITURE

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
a. Gross amount required to be spent by the Company during the year as per Section 135 of the Companies Act, 2013 read with Schedule VII	83.16	74.69
b. Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than (i) above	84.48	75.63

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**31. COMMITMENTS**

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of acquisition of assets.	3595.49	89.03

**32. CONTINGENT LIABILITIES**

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Bank Guarantees	81.05	101.77
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
i) towards central excise	363.52	523.07
ii) towards sales tax	1.77	28.07

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.

**33. 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 2018	31 <sup>st</sup> March 2017
Material and stores & spares consumption	333.55	313.91
Power and fuel	125.90	119.41
Repairs and maintenance	45.03	33.47
Employee benefit expenses	287.40	229.66
Depreciation	3.82	0.73
Others	7.27	7.61
<b>Total</b>	<b>802.97</b>	<b>704.79</b>

a). Details of capital expenditure incurred for Research and Development are given below:

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Freehold Buildings	-	-
Plant and Equipment	148.17	56.63
<b>Total</b>	<b>148.17</b>	<b>56.63</b>

**34.** Amount payable to Micro, Small and Medium Enterprises (MSMEs) as on 31<sup>st</sup> March 2018 is ₹ 150.39 Lakhs (31<sup>st</sup> March 2017: ₹ 50.04 Lakhs, 1<sup>st</sup> April 2016 ₹ 149.20 Lakhs) and there is no overdue amount.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 35. SEGMENT REPORTING UNDER IND AS 108

The Company operates in a single primary business segment namely Manufacture of Iron Castings. Identification of the secondary segment based on the location of the customers is not mandated since the company's total exports do not exceed 10% of its gross revenue for the year 2017-18.

### 36. EMPLOYEE BENEFITS

- (i) The Company provides Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous services for a period of five years are eligible for Gratuity. The amount of Gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for fifteen days salary multiplied for the number of years of service. The Gratuity plan is a funded plan and maintained with Life Insurance Corporation of India.

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plant Assets	Total
<b>1<sup>st</sup> April 2016</b>	<b>529.36</b>	<b>-499.60</b>	<b>29.76</b>
Current Service Cost	42.10	-	42.10
Past Service Cost	-	-	-
Interest Expense / (Income)	42.35	-43.42	-1.07
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>84.45</b>	<b>-43.42</b>	<b>41.03</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	19.86	-	19.86
- (Gain)/Loss from change in financial assumptions	-	-	-
- Experience (Gains)/Losses	-	-	-
- Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>19.86</b>	<b>-</b>	<b>19.86</b>
- Employer Contributions	-	-118.56	-118.56
- Benefit Payments	-67.02	67.02	-
<b>31<sup>st</sup> March 2017</b>	<b>566.65</b>	<b>-594.56</b>	<b>-27.91</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plant Assets	Total
<b>1<sup>st</sup> April 2017</b>	<b>566.65</b>	<b>-594.56</b>	<b>-27.91</b>
Current Service Cost	47.76	-	47.76
Past Service Cost	-	-	-
Interest Expense / (Income)	45.33	-47.53	-2.20
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>93.09</b>	<b>-47.53</b>	<b>45.56</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	70.64	-	70.64
- (Gain)/Loss from change in financial assumptions	-	-	-
- Experience (Gains)/Losses	-	-	-
- Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>70.64</b>	<b>-</b>	<b>70.64</b>
- Employer Contributions	-	-16.43	-16.43
- Benefit Payments	-40.87	40.87	-
<b>31<sup>st</sup> March 2018</b>	<b>689.51</b>	<b>-617.65</b>	<b>71.86</b>

(ii) The Net Liability/ (Asset) disclosed above relates to funded and unfunded plans as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Present value of funded obligations	689.51	566.65	529.35
Fair value of plan assets	-617.65	-594.56	-499.60
<b>Deficit/(Excess) of Funded Plan</b>	<b>71.86</b>	<b>-27.91</b>	<b>29.76</b>
Unfunded plans	-	-	-
<b>Deficit/(Excess) of Gratuity Plan</b>	<b>71.86</b>	<b>-27.91</b>	<b>29.76</b>

(iii) Significant Estimates: Actuarial assumptions and sensitivity

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Discount Rate	7.50%	8.00%	8.00%
Expected return on Plan Assets	7.50%	8.00%	8.00%
Salary Growth Rate	7.00%	7.00%	7.00%
Attrition Rate (depend on age)	1% to 3%	1% to 3%	1% to 3%



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 37. RELATED PARTY DISCLOSURE

Related parties under Ind AS 24 with whom transactions have taken place during the year:

**Subsidiary Company:** NC Energy Limited

**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
4. Mr. S.K. Sivakumar, Group - Chief Financial Officer & Company Secretary

**Relatives to Key Management Personnel (KMP):**

1. Mrs. P. Jamuna
2. Mrs. P. Viraja

#### a) Transactions with related parties (2017-18) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	KMP	Relatives to KMP
Remuneration	-	244.88	-
Rental Payments	-	12.00	146.52
<b>Investment in Shares:</b>			
Amount of investment during the year	9.00	-	-
Closing Balance as on 31 <sup>st</sup> March 2018	3,860.00	-	-

#### b) Transactions with related parties (2016-17) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	KMP	Relatives to KMP
Remuneration	-	244.42	-
Rental 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	-	-

### 38. FAIR VALUES

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, management has assessed the fair value of the borrowings approximate their current value largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 39. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payable. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents derived directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk (including input cost risk, interest rate risk and foreign currency risk), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company. The Company does not enter into or trade financial instruments for speculative purposes.

#### a. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

#### b. Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### c. 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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 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.

### Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Company's revenue and expenses are in Indian Rupees with the remainder denominated in US Dollars and Euros. 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.

### Unhedged foreign Currency

**As at the Balance Sheet date, the Company's net foreign currency exposure that is unhedged is as follows:**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Trade Receivables	1879.76	1457.38

### 41. FIRST TIME ADOPTION OF IND AS

These financial statements for the year ended 31<sup>st</sup> March 2018 are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1<sup>st</sup> April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1<sup>st</sup> April 2016 and the financial statements as at and for the year ended 31<sup>st</sup> March 2017.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.
- Ind AS 101 requires a first-time adopter to apply de-recognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognize the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.
- The Company has opted to carry the investment in subsidiaries as well as in other companies at the previous GAAP carrying amount at the transition date.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### Estimates

The estimates as at 1<sup>st</sup> April 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1<sup>st</sup> April 2016 (transition date) and as of 31<sup>st</sup> March 2017.

### Effect of the Transition to Ind AS

Reconciliations of the Company's Balance Sheets under Indian GAAP and Ind AS as at 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 are also presented in Note No. 42 & 43. Reconciliations of the Company's Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017 prepared in accordance with Indian GAAP and Ind AS in Note No. 44.

### IND AS NOTES

#### a. Proposed Dividend:

Under Indian GAAP, proposed dividends including Dividend Distribution Tax thereon were recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recognised towards dividend as at 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016 has been de-recognised against retained earnings and recognised in the year of payment.

#### b. Financial Assets at Amortised Cost:

Under Indian GAAP, the Company accounted for long term investments in unquoted shares as investment measured at cost less provision for other than temporary diminution in the value of investments, if any. Under Ind AS, the Company has designated such investments as investments at amortised cost.

#### c. Re-measurement of actuarial (gains) / loss:

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income. Thus the employee benefit cost is reduced by ₹ 19.86 Lakhs for the year 2016-17 and re-measurement gains/losses on defined benefit plans has been recognised in the Other Comprehensive Income net of tax.

#### d. Excise Duty on sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus sale of goods under Ind AS for the year ended 31<sup>st</sup> March 2017 has increased with a corresponding increase in other expenses.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### **e. Subsequent Event**

The Board of Directors at their meeting held on 18<sup>th</sup> May 2018 has recommended a dividend of ₹ 1.00 per equity share (31<sup>st</sup> March 2017: ₹ 0.90 per equity share), subject to shareholders approval at annual general meeting.

### **f. MAT Credit Entitlement**

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on “Accounting for Credit available in respect of MAT under the Income Tax Act, 1961” issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

### **g. Deferred Tax Assets**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

### **h. Other Comprehensive Income (OCI)**

Under Indian GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### **i. Cash Flow Statement**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 42. Reconciliation of Equity as at 1<sup>st</sup> April 2016

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24735.87	-	24735.87
Capital Work-in-Progress	16.70	-	16.70
Other Intangible Assets	39.68	-	39.68
Financial Assets:			
(i) Investments	3659.74	-	3659.74
Other Non-Current Assets	30.91	-	30.91
<b>Total Non-Current Assets [A]</b>	<b>28482.90</b>	<b>-</b>	<b>28482.90</b>
<b>Current Assets</b>			
Inventories	7400.60	-	7400.60
Financial Assets:			
(i) Trade Receivables	6654.76	-	6654.76
(ii) Cash and Cash Equivalents	5278.15	-17.10	5261.05
(iii) Bank balances other than (ii) above	-	17.10	17.10
Other Current Assets	3655.34	-248.21	3407.13
<b>Total Current Assets [B]</b>	<b>22988.85</b>	<b>-248.21</b>	<b>22740.64</b>
<b>Total Assets [A+B]</b>	<b>51471.75</b>	<b>-248.21</b>	<b>51223.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1740.02	-	1740.02
Other Equity	28768.74	418.85	29187.59
<b>Total Equity [A]</b>	<b>30508.76</b>	<b>418.85</b>	<b>30927.61</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	646.15	-	646.15
Deferred Tax Liabilities (Net)	3851.34	-248.21	3603.13
<b>Total Non-Current Liabilities [B]</b>	<b>4497.49</b>	<b>-248.21</b>	<b>4249.28</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
(i) Borrowings	7385.24	-	7385.24
(ii) Trade Payables	4866.43	-	4866.43
Other Current Liabilities	3471.96	-	3471.96
Provisions	741.87	-418.85	323.02
<b>Total Current Liabilities [C]</b>	<b>16465.50</b>	<b>-418.85</b>	<b>16046.65</b>
<b>Total Liabilities [B+C]</b>	<b>20962.99</b>	<b>-667.06</b>	<b>20295.93</b>
<b>Total Equity and Liabilities [A+B+C]</b>	<b>51471.75</b>	<b>-248.21</b>	<b>51223.54</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 43. Reconciliation of Equity as at 31<sup>st</sup> March 2017

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24451.44	-	24451.44
Capital Work-in-Progress	95.71	-	95.71
Other Intangible Assets	17.06	-	17.06
Financial Assets:			
(i) Investments	3862.12	-	3862.12
Other Non-Current Assets	20.12	-	20.12
<b>Total Non-Current Assets [A]</b>	<b>28446.45</b>	<b>-</b>	<b>28446.45</b>
<b>Current Assets</b>			
Inventories	9405.00	-	9405.00
Financial Assets:			
(i) Trade Receivables	7596.93	-	7596.93
(ii) Cash and Cash Equivalents	5354.33	-15.25	5339.08
(iii) Bank balances other than (ii) above	-	15.25	15.25
Other Current Assets	3683.98	-24.08	3659.90
<b>Total Current Assets [B]</b>	<b>26040.24</b>	<b>-24.08</b>	<b>26016.16</b>
<b>Total Assets [A+B]</b>	<b>54486.69</b>	<b>-24.08</b>	<b>54462.61</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1740.02	-	1740.02
Other Equity	31224.72	942.41	32167.13
<b>Total Equity [A]</b>	<b>32964.74</b>	<b>942.41</b>	<b>33907.15</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	-	-	-
Deferred Tax Liabilities (Net)	4026.46	-24.08	4002.38
<b>Total Non-Current Liabilities [B]</b>	<b>4026.46</b>	<b>-24.08</b>	<b>4002.38</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
(i) Borrowings	7340.52	-	7340.52
(ii) Trade Payables	6935.91	-	6935.91
Other Current Liabilities	2115.03	-	2115.03
Provisions	1104.03	-942.41	161.62
<b>Total Current Liabilities [C]</b>	<b>17495.49</b>	<b>-942.41</b>	<b>16553.08</b>
<b>Total Liabilities [B+C]</b>	<b>21521.95</b>	<b>-966.49</b>	<b>20555.46</b>
<b>Total Equity and Liabilities [A+B+C]</b>	<b>54486.69</b>	<b>-24.08</b>	<b>54462.61</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 44. Reconciliation of Profit or Loss for the year ended 31<sup>st</sup> March 2017

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>Income:</b>			
Revenue from Operations	57455.77	6308.57	63764.34
Other Income	454.67	-	454.67
<b>Total Income</b>	<b>57910.44</b>	<b>6308.57</b>	<b>64219.01</b>
<b>Expenses:</b>			
Cost of Materials Consumed	25227.01	-	25227.01
Changes in Inventories of Finished Goods & Work-in-Progress	-829.02	-	-829.02
Excise Duty	-	6308.57	6308.57
Employee Benefits Expense	4149.33	-19.86	4129.47
Finance Costs	615.15	-	615.15
Depreciation & Amortisation Expense	1342.38	-	1342.38
Other Expenses	22505.25	-	22505.25
<b>Total Expenses</b>	<b>53010.10</b>	<b>6288.71</b>	<b>59298.81</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>4900.34</b>	<b>19.86</b>	<b>4920.20</b>
Exceptional Items	-	-	-
<b>Profit Before Tax</b>	<b>4900.34</b>	<b>19.86</b>	<b>4920.20</b>
<b>Tax Expenses:</b>			
Current Taxes	1326.83	6.87	1333.70
Deferred Taxes	175.12	-	175.12
	<b>1501.95</b>	<b>6.87</b>	<b>1508.82</b>
<b>Profit for the period [A]</b>	<b>3398.39</b>	<b>12.99</b>	<b>3411.38</b>
<b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans	-	19.86	19.86
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	-	-6.87	-6.87
B. (i) Items that will be reclassified to Profit or Loss	-	-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss	-	-	-
<b>Total Other Comprehensive Income, net of taxes [B]</b>	<b>-</b>	<b>12.99</b>	<b>12.99</b>
<b>Total Comprehensive Income for the period [A-B]</b>	<b>3398.39</b>	<b>-</b>	<b>3398.39</b>

45. Previous year's figures have been regrouped and reclassified wherever necessary to conform to this year's classification.

#### As per our report of even date

#### For K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn No. 002270S

#### K. NAGARAJU

Partner  
Membership No. 024344

Place : Chennai  
Date : 18.05.2018

#### For and on behalf of the Board

#### D. Sesha Reddy

Chairman  
DIN: 00520448

#### A. Balasubramanian

Director  
DIN: 00490921

#### P. Deepak

Managing Director  
DIN: 02785326

#### P. Vijaya Bhaskar Reddy

Dy. Managing Director & CFO  
DIN: 00020592

#### S. K. Sivakumar

Group - Chief Financial Officer &  
Company Secretary



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

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

We have audited the accompanying consolidated Ind AS 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 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 (including other comprehensive income), consolidated cash flows and the consolidated changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 evaluating the overall presentation of the consolidated Ind AS 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 Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated Ind AS 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 as at 31<sup>st</sup> March 2018, consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity 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 Ind AS financial statements;
  - b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS 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 (including other comprehensive income), Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act;
  - e. On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2018 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 Companies incorporated in India is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of section 164(2) of the Act.

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

- 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 2018, 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 Ind AS 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.

### **OTHER MATTER**

The accompanying consolidated Ind AS financial statements include total assets of ₹ 4131.81 Lakhs as at 31<sup>st</sup> March 2018, total comprehensive income of ₹ Nil and net cash flows of ₹ 3.80 Lakhs for the year then ended, included in the accompanying consolidated Ind AS financial statements in respect of certain subsidiary, whose Ind AS 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 Ind AS 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 Ind AS 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 consolidated Ind AS financial statements and other financial information certified by the management.

### **For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 002270S

### **K. NAGARAJU**

Partner  
Membership No. 024344

Place : Chennai  
Date : 18.05.2018

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

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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 Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2018, 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 consolidated Ind AS financial statements, whether due to fraud or error.

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

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.

### **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 consolidated Ind AS 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 consolidated Ind AS 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 2018, 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.

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

**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 K NAGARAJU & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 002270S

**K. NAGARAJU**

Partner

Membership No. 024344

Place : Chennai

Date : 18.05.2018

## CONSOLIDATED BALANCE SHEET AS AT

PARTICULARS	Note No.	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>I. ASSETS</b>				
<b>A Non-Current Assets</b>				
Property, Plant and Equipment	2	26406.08	27131.69	27416.19
Capital Work-in-Progress	-	4826.29	1238.47	978.58
Other Intangible Assets	2	30.31	17.06	39.68
Financial Assets:				
(i) Investments	3	54.07	11.12	8.74
Other Non-Current Assets	4	881.88	209.72	221.01
<b>Total Non-Current Assets</b>		<b>32198.63</b>	<b>28608.06</b>	<b>28664.20</b>
<b>B Current Assets</b>				
Inventories	5	11116.16	9405.00	7400.60
Financial Assets:				
(i) Trade Receivables	6	11723.03	7596.93	6654.76
(ii) Cash and Cash Equivalents	7	5544.44	5344.20	5263.18
(iii) Bank balances other than (ii) above	8	13.42	15.25	17.10
Other Current Assets	9	3351.25	3659.90	3407.13
<b>Total Current Assets</b>		<b>31748.30</b>	<b>26021.28</b>	<b>22742.77</b>
<b>Total Assets</b>		<b>63946.93</b>	<b>54629.34</b>	<b>51406.97</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>A Equity</b>				
Equity Share Capital	10	1740.02	1740.02	1740.02
Other Equity	11	35004.76	32167.13	29187.59
Non-Controlling Interest	-	271.00	164.00	164.00
<b>Total Equity</b>		<b>37015.78</b>	<b>34071.15</b>	<b>31091.61</b>
<b>B Liabilities</b>				
<b>1 Non-Current Liabilities</b>				
Financial Liabilities:				
(i) Borrowings	12	3000.00	-	646.15
Deferred Tax Liabilities (Net)	13	4094.94	4002.38	3603.13
<b>Total Non-Current Liabilities</b>		<b>7094.94</b>	<b>4002.38</b>	<b>4249.28</b>
<b>2 Current Liabilities</b>				
Financial Liabilities:				
(i) Borrowings	14	6782.24	7340.52	7385.24
(ii) Trade Payables	15	9440.03	6935.91	4866.43
Other Current Liabilities	16	3271.78	2117.76	3491.39
Provisions	17	342.16	161.62	323.02
<b>Total Current Liabilities</b>		<b>19836.21</b>	<b>16555.81</b>	<b>16066.08</b>
<b>Total Liabilities</b>		<b>26931.15</b>	<b>20558.19</b>	<b>20315.36</b>
<b>Total Equity and Liabilities</b>		<b>63946.93</b>	<b>54629.34</b>	<b>51406.97</b>
<b>Significant Accounting Policies</b>	1			

The accompanying notes form an integral part of the consolidated financial statements

### **As per our report of even date**

**For K NAGARAJU & ASSOCIATES**  
Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**  
Partner  
Membership No. 024344

Place : Chennai  
Date : 18.05.2018

### **For and on behalf of the Board**

**D. Sessa Reddy**  
Chairman  
DIN: 00520448

**A. Balasubramanian**  
Director  
DIN: 00490921

**P. Deepak**  
Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO  
DIN: 00020592

**S. K. Sivakumar**  
Group - Chief Financial Officer &  
Company Secretary

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

PARTICULARS	Note No.	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>Income:</b>			
<b>I Revenue from Operations</b>	<b>18</b>	76006.57	63764.34
<b>II Other Income</b>	<b>19</b>	431.59	454.67
<b>III Total Income (I+II)</b>		<b>76438.16</b>	<b>64219.01</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	20	35139.95	25227.01
Changes in Inventories of Finished Goods & Work-in-Progress	21	-164.29	-829.02
Excise Duty	-	1552.53	6308.57
Employee Benefits Expense	22	4615.04	4129.47
Finance Costs	23	292.35	615.15
Depreciation & Amortisation Expense	24	1592.93	1342.38
Other Expenses	25	27706.58	22505.25
<b>Total Expenses</b>		<b>70735.09</b>	<b>59298.81</b>
<b>V Profit Before Exceptional Items and Tax (III-IV)</b>		<b>5703.07</b>	<b>4920.20</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Profit before Tax (V-VI)</b>		<b>5703.07</b>	<b>4920.20</b>
<b>VIII Tax Expenses:</b>			
(1). Current Tax	26	1783.90	1333.70
(2). Deffered Tax		92.94	175.12
		<b>1876.84</b>	<b>1508.82</b>
<b>IX Profit for the Period (VII-VIII)</b>		<b>3826.23</b>	<b>3411.38</b>
<b>X Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss - Remeasurement of Defined Benefit Plans		70.64	19.86
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-24.45	-6.87
B. (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>Total Other Comprehensive Income, net of taxes</b>		<b>46.19</b>	<b>12.99</b>
<b>XI Total Comprehensive Income for the period (IX-X)</b>		<b>3780.04</b>	<b>3398.39</b>
<b>XII Earnings per Equity Share:</b>	<b>27</b>		
(1). Basic		4.40	3.92
(2). Diluted		4.40	3.92
<b>Significant Accounting Policies</b>	<b>1</b>		

The accompanying notes form an integral part of the consolidated financial statements.

**As per our report of even date**

**For K NAGARAJU & ASSOCIATES**  
Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**  
Partner  
Membership No. 024344  
Place : Chennai  
Date : 18.05.2018

**D. Sessa Reddy**  
Chairman  
DIN: 00520448

**A. Balasubramanian**  
Director  
DIN: 00490921

**For and on behalf of the Board**

**P. Deepak**  
Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director & CFO  
DIN: 00020592

**S. K. Sivakumar**  
Group - Chief Financial Officer &  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax</b>	<b>5703.07</b>	<b>4920.20</b>
Adjustments for:		
Depreciation & Amortisation Expense	1592.93	1342.38
Interest Income	-87.93	-314.73
(Profit)/Loss on sale of assets	-	-0.44
Interest Paid	292.35	615.15
Remeasurement of Defined Benefit Plans	-70.64	-19.86
	<b>1726.71</b>	<b>1622.50</b>
<b>Operating Profit before Working Capital Changes</b>	<b>7429.78</b>	<b>6542.70</b>
<b>Adjustment for:</b>		
Inventories	-1711.16	-2004.39
Trade Receivables	-4126.10	-942.17
Other Current Assets	332.72	-28.64
Other Non-Current Assets	-672.16	11.29
Trade Payables	2504.12	2069.48
Other Current Liabilities	1154.02	-1373.63
Provisions	180.54	-161.40
	<b>-2338.02</b>	<b>-2429.46</b>
<b>Cash generated from Operations</b>	<b>5091.76</b>	<b>4113.24</b>
Taxes Paid / Provision for Tax	-1783.90	-1326.83
<b>Cash flow before Prior-period Items</b>	<b>3307.86</b>	<b>2786.41</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>3307.86</b>	<b>2786.41</b>
<b>TOTAL A</b>		
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-880.57	-1037.23
Sale of Property, Plant and Equipment	-	2.40
(Increase)/Decrease in Capital Work-In-Progress	-3587.82	-259.89
(Increase)/Decrease in Investments	-42.95	-2.38
(Increase)/Decrease in Unpaid Dividend A/cs	1.83	1.85
Interest Income	87.93	314.73
<b>Net Cash from / (used in) in Investing Activities</b>	<b>-4421.58</b>	<b>-980.52</b>
<b>TOTAL B</b>		

## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Borrowings	3000.00	-646.15
Issue of Share Capital	107.00	-
Interest paid	-292.35	-615.15
Dividend Paid (Including Dividend Tax)	-942.41	-418.85
<b>Net Cash from / (used in) Financing Activities      TOTAL C</b>	<b>1872.24</b>	<b>-1680.15</b>
 <b>Net increase / (Decrease) in Cash and Cash equivalents A+B+C</b>	 <b>758.52</b>	 <b>125.74</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		
Cash and Bank Balances	5344.20	5263.18
Cash Credit Balance	-7340.52	-7385.24
	<b>-1996.32</b>	<b>-2122.06</b>
 <b>Cash and Cash Equivalents at the end of the year</b>		
Cash and Bank Balances	5544.44	5344.20
Cash Credit Balance	-6782.24	-7340.52
	<b>-1237.80</b>	<b>-1996.32</b>

The accompanying notes form an integral part of the consolidated financial statements

***As per our report of even date***

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

***For and on behalf of the Board***

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

**P. Deepak**

Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**

Dy. Managing Director & CFO  
DIN: 00020592

**S. K. Sivakumar**

Group - Chief Financial Officer &  
Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

I. Equity Share Capital	Note	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 2/- each issued, subscribed and fully paid up			
Balance as at 1 <sup>st</sup> April 2016	10	8,70,01,200	1740.02
Changes in Equity Share Capital during the year		-	-
<b>Balance as at 31<sup>st</sup> March 2017</b>	10	<b>8,70,01,200</b>	<b>1740.02</b>
Changes in Equity Share Capital during the year		-	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	10	<b>8,70,01,200</b>	<b>1740.02</b>

  

II. Other Equity	Note	Securities Premium Account	General Reserve	Retained Earnings	Total ₹ in Lakhs
Balance as at 1 <sup>st</sup> April 2016	11	8774.13	15500.00	4913.46	29187.59
Profit for the period		-	-	3411.38	3411.38
Other Comprehensive Income		-	-	-12.99	-12.99
Transfer (to) / from Reserves		-	2000.00	-2000.00	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-418.85	-418.85
<b>Balance as at 31<sup>st</sup> March 2017</b>	11	<b>8774.13</b>	<b>17500.00</b>	<b>5893.00</b>	<b>32167.13</b>
Profit for the period		-	-	3826.23	3826.23
Other Comprehensive Income		-	-	-46.19	-46.19
Transfer (to) / from Reserves		-	2500.00	-2500.00	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-942.41	-942.41
<b>Balance as at 31<sup>st</sup> March 2018</b>	11	<b>8774.13</b>	<b>20000.00</b>	<b>6230.63</b>	<b>35004.76</b>

The accompanying notes form an integral part of the consolidated financial statements.

**As per our report of even date**

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Chennai

Date : 18.05.2018

**For and on behalf of the Board**

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

**P. Deepak**

Managing Director  
DIN: 02785326

**P. Vijaya Bhaskar Reddy**

Dy. Managing Director & CFO  
DIN: 00020592

**S. K. Sivakumar**

Group - Chief Financial Officer &  
Company Secretary

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL INFORMATION

Nelcast Limited (“the Holding Company”) or (“Nelcast”) is engaged in the manufacture of Iron Castings. The Holding Company has manufacturing plants at Gudur, Andhra Pradesh and Ponneri, Tamil Nadu. The Holding Company is a public limited Company and is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Holding Company has a Subsidiary Company. The Holding Company together with its subsidiary is hereinafter referred to as the “Group”.

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standard) Rules, 2015, as amended.

For all periods up to and including the year ended 31<sup>st</sup> March 2017, the Company prepared its financial statements in accordance with the previous GAAP, which includes standards notified under the Companies (Accounts) Rules, 2014.

This is the Company's first Ind AS financial statements. The date of transition to Ind AS is 1<sup>st</sup> April 2016. The Ind AS financial statements is prepared on historical cost convention, except in case of certain financial instruments which are recognised at fair value at the end of the reporting period and on an accrual basis as a going concern. Refer Note No.41 for information on how the Company has adopted Ind AS.

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the part I of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

#### 1.2 BASIS OF CONSOLIDATION

The consolidated financial statements of the Group incorporate the financial statements of the Holding Company and its subsidiary. The Holding Company has control over the subsidiary as it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the subsidiary.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement of profit and loss and other comprehensive income from the date the Holding Company gains control unit the date when the Holding Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company i.e., year ended 31<sup>st</sup> March.

The Consolidated Financial Statements have been prepared on the basis of the financial statements of its subsidiary as detailed below:

<b>Name of the Subsidiary</b>	<b>Country of Incorporation</b>	<b>Nature of Interest</b>	<b>% of Interest</b>	<b>Accounting year</b>
NC Energy Limited	India	Subsidiary	93.44%	31 <sup>st</sup> March

### 1.3 FAIR VALUE MEASUREMENT

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### **Non-Derivative Financial Instruments**

- (i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest where the fair value differs from the Transaction Price. Where the fair value does not differ, materially, from Transaction Price, the financial liabilities are stated at transaction price only.

### Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

## 1.4 PROPERTY, PLANT AND EQUIPMENT

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are recorded at cost less accumulated depreciation. The cost of an item of property, plant and equipment is net of duty or tax credit availed. The company capitalizes all costs relating to acquisition and installation of assets. Cost of spares relating to specific item of asset is capitalized. Interest and other related costs, attributable to major projects are capitalized as part of the cost of respective assets. Cost of assets not ready to use before such date are disclosed under "Capital Work-in-Progress".

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1<sup>st</sup> April 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

The residual values, useful live and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is provided using the Straight Line Method as per the useful lives of the assets at the rates prescribed under Schedule II of the Companies Act, 2013.

## 1.5 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss.

Costs incurred towards purchase of computer software are amortized using the straight line method over a period based on management's estimate of useful lives of such software or over the license period of the software, whichever is shorter.

The Company has elected to continue with the carrying value of all of its Intangible Assets recognised as of 1<sup>st</sup> April 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

## **NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

### **1.6 IMPAIRMENT OF ASSETS**

All assets other than Inventories and Investments are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount of those assets may not be fully recoverable, in such cases the carrying amount of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss.

The Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be reckoned from initial recognition of the receivables. For financial assets, expected credit loss is measured at an amount equal to the 12-month expected credit loss, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime expected credit loss. The amount of expected credit loss (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in Statement of Profit and Loss.

If at the Balance sheet date there is an indication that the previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

### **1.7 INVESTMENTS**

All Investments are carried at fair value. Investments, which at the inception, have been designated to be held for a long term capital appreciation, the changes in the fair value are considered through Other Comprehensive Income. All other investments are valued at fair value and the gains or losses being recognised in 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.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **1.9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **1.10 LEASES**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. In respect of agreements entered into by the Company before the date of transition to Ind AS, the Company has determined the transaction based on facts and conditions as at the transition date.

A lease is classified at the inception date as a finance lease or as an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Lease where the Lessor retains substantially all the risks and rewards incidental to the ownership is classified as an operating lease. 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 CONSOLIDATED FINANCIAL STATEMENTS

### 1.11 SEGMENT INFORMATION

The Holding Company is principally engaged only in the business of manufacture of Iron Castings and the Subsidiary Company has not commenced its commercial operations and hence, there are no other reportable segments.

### 1.12 CONTRIBUTED EQUITY

Equity Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### 1.13 DIVIDEND

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as liability on the date of declaration by the Board.

### 1.14 GOVERNMENT GRANTS AND SUBSIDIES

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### 1.15 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

In line with Ind AS 18, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since, the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/value added tax/goods and services tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. Revenue recognised by the Company is net of price revision and claims.

The specific recognition criteria described below must also be met before revenue is recognised:

**Sale of goods:** Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and collectability of resulting receivable. Claims on the Company for price revision are accounted when facts and circumstances indicate that a price reduction is probable and the amount is can be reasonably estimated. The claims by the Company are recorded when it is accepted and it is reasonably certain that the amounts will be collected.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Interest Income:** For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Profit on sale of investments:** Profit on sale of investments is recognised only at the time when the investments are realized.

**Export benefits, incentives and licenses:** Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### 1.16 FOREIGN CURRENCY TRANSACTION

**Initial Recognition:**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition:**

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

### 1.17 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale capitalized as part of the cost of an asset. Where specific borrowings are identified to assets, the Company uses the interest rates applicable to that specific borrowing as the capitalization rate. Where borrowings cannot be specifically identified to assets, the capitalization rate applied is the weighted average of the interest rates applicable to all borrowings of the Company.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 1.18 TAXES

Income tax expense comprises of current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Indian Income Tax Act, 1961. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

### 1.19 EMPLOYEE BENEFITS

#### a. Defined Contribution Plans

**i) Provident Fund:** The Company makes monthly Provident contributions at specified percentage of specified salary in accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the contributions are charged to Statement of Profit and Loss.

**ii) Superannuation Fund:** The Company makes annual Superannuation fund contributions to defined contribution plan, administered by the Life Insurance Corporation of India, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of specified salary to fund the benefits. The contributions are charged to the Statement of Profit and Loss.

#### b. Defined Benefit Plan

**i) Gratuity:** The Company provides for Gratuity, a defined benefit retirement plan covering eligible employees as per the provisions of the Payment of Gratuity Act, 1972. The plan provides for a payment to vested employees at retirement, death while in employment or on termination of employment, an amount equivalent to fifteen days salary payable for each year of completed service subject to maximum amount as may be prescribed. Vesting occurs upon completion of five years of service, except in case of death while in employment in which case the legal heirs would receive the Gratuity.

The cost of providing benefits determined using the projected unit credit method, which actuarial valuation being carried out at each Balance Sheet date. The retirement benefit obligation recognised as expenditure represents the present value of defined benefit obligation as reduced by the fair value of scheme assets. The Company makes contribution to Life Insurance Corporation of India to administer the fund. The changes in the actuarial assumptions are accounted through Other Comprehensive Income.

## **NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

### **1.20 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 are no diluted earnings per share as there are no dilutive potential equity shares.

### **1.21 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Current Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent Assets are neither recognised nor disclosed in the financial statements.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**2. PROPERTY, PLANT & EQUIPMENT**  
**Year ended 31<sup>st</sup> March 2017**  
**(₹ in Lakhs)**

PARTICULARS	Gross Carrying Amount			Depreciation / Amortisation				Net Carrying Amount As at 31 <sup>st</sup> March 2017
	As at 1 <sup>st</sup> April 2016 (Deemed Cost)	Additions	Disposals	As at 31 <sup>st</sup> March 2017	Upto 1 <sup>st</sup> April 2016	Charge during the year	Disposals	Upto 31 <sup>st</sup> March 2017
<b>(i). Tangible Assets</b>								
Freehold Land	5701.84	265.86	-	5967.70	-	-	-	5967.70
Freehold Buildings	4058.00	2.36	-	4060.36	-	244.82	-	3815.54
Plant and Equipment	17362.67	752.13	-	18114.80	-	979.83	-	17134.97
Office Equipment	31.43	6.74	0.99	37.18	-	6.03	0.29	31.44
Vehicles	179.83	-	11.18	168.65	-	59.48	9.91	119.08
Furniture and Fittings	68.17	0.92	-	69.09	-	18.68	-	50.41
Computers	14.25	7.35	-	21.60	-	9.05	-	12.55
	27416.19	1035.36	12.17	28439.38	-	1317.89	10.20	27131.69
<b>(ii). Other Intangible Assets</b>								
Computer Software	39.68	1.87	-	41.55	-	24.49	-	17.06
<b>TOTAL</b>	<b>27455.87</b>	<b>1037.23</b>	<b>12.17</b>	<b>28480.93</b>	<b>-</b>	<b>1342.38</b>	<b>10.20</b>	<b>27148.75</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 2. PROPERTY, PLANT & EQUIPMENT

Year ended 31<sup>st</sup> March 2018

(₹ in Lakhs)

PARTICULARS	Gross Carrying Amount			Depreciation / Amortisation				Net Carrying Amount As at 31 <sup>st</sup> March 2018
	As at 1 <sup>st</sup> April 2017	Additions	Disposals	As at 31 <sup>st</sup> March 2018	Upto 31 <sup>st</sup> March 2017	Charge during the year	Disposals	Upto 31 <sup>st</sup> March 2018
<b>(i). Tangible Assets</b>								
Freehold Land	5967.70	89.44	-	6057.14	-	-	-	6057.14
Freehold Buildings	4060.36	110.28	-	4170.64	244.82	247.80	-	3678.02
Plant and Equipment	18114.80	611.24	-	18726.04	979.83	1242.00	-	16504.21
Office Equipment	37.18	12.45	-	49.63	5.74	6.13	-	37.76
Vehicles	168.65	-	-	168.65	49.57	57.68	-	61.40
Furniture and Fittings	69.09	14.80	-	83.89	18.68	19.90	-	45.31
Computers	21.60	20.26	-	41.86	9.05	10.57	-	22.24
	28439.38	858.47	-	29297.85	1307.69	1584.08	-	26406.08
<b>(ii). Other Intangible Assets</b>								
Computer Software	41.55	22.10	-	63.65	24.49	8.85	-	30.31
<b>TOTAL</b>	<b>28480.93</b>	<b>880.57</b>	<b>-</b>	<b>29361.50</b>	<b>1332.18</b>	<b>1592.93</b>	<b>-</b>	<b>26436.39</b>

- Capital work-in-progress as on 31<sup>st</sup> March 2018: ₹ 4826.29 Lakhs (31<sup>st</sup> March 2017: ₹ 1238.47 Lakhs, 1<sup>st</sup> April 2016: ₹ 978.58 Lakhs)
- Borrowing costs capitalized during the year for assets held under Capital Work-in-progress is ₹ 76.82 Lakhs (31<sup>st</sup> March 2017: ₹ Nil, 1<sup>st</sup> April 2016: ₹ Nil)
- Details of security of property, plant and equipment subject to charge to secured borrowings is given in Note No. 29
- Details of capital expenditure on research and development is given in Note No. 33
- For property, plant and equipment and other intangible assets existing as at 1<sup>st</sup> April 2016, i.e. date of transition to Ind AS, the Company has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net written down value as per previous GAAP as at 1<sup>st</sup> April 2016 has been considered as deemed cost under Ind AS.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>3. INVESTMENTS</b>			
Trade, Unquoted - At Cost - Fully Paid-Up			
Investment in Equity Instruments:			
Others:			
- Suzlon Engitech Ltd	5.99	5.99	5.99
59,903 Equity shares of ₹ 10 /- each			
- OPG Power Generation Pvt Ltd			
56,800 (46,600) (25,000)			
Equity shares of ₹ 10 /- each	6.30	5.13	2.75
- Watsun Infrabuild Pvt Ltd			
4,17,836 Equity shares of ₹ 10 /- each	41.78	-	-
<b>Total</b>	<b>54.07</b>	<b>11.12</b>	<b>8.74</b>
<b>4. OTHER NON-CURRENT ASSETS</b>			
(Unsecured, Considered Good)			
Capital Advances	881.88	209.72	221.01
<b>Total</b>	<b>881.88</b>	<b>209.72</b>	<b>221.01</b>
<b>5. INVENTORIES</b>			
Raw Materials	3337.45	1988.55	1172.86
Work-in-progress	2898.85	1663.48	1725.44
Finished Goods	2731.28	3802.36	2911.38
Stores and Spares	316.23	285.77	258.17
Loose Tools	1565.91	1307.48	920.02
Moulding Boxes & Patterns	266.44	357.36	412.73
<b>Total</b>	<b>11116.16</b>	<b>9405.00</b>	<b>7400.60</b>
> Valued at lower of cost and net realisable value			
<b>6. TRADE RECEIVABLES</b>			
Unsecured, Considered Good	11723.03	7596.93	6654.76
<b>Total</b>	<b>11723.03</b>	<b>7596.93</b>	<b>6654.76</b>
Trade Receivables include an amount of ₹ 122.29 Lakhs (Previous Year: ₹ 257.52 Lakhs), outstanding for a period exceeding six months.			

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>7. CASH AND CASH EQUIVALENTS</b>			
Balances with Banks:			
- In Current Accounts	241.83	91.20	132.99
- Short Term Fixed Deposits	5297.30	5250.00	5121.67
Cash on Hand	5.31	3.00	8.52
<b>Total</b>	<b>5544.44</b>	<b>5344.20</b>	<b>5263.18</b>
<b>8. BANK BALANCES OTHER THAN (7) ABOVE</b>			
Unpaid Dividend Accounts	13.42	15.25	17.10
<b>Total</b>	<b>13.42</b>	<b>15.25</b>	<b>17.10</b>
<b>9. OTHER CURRENT ASSETS</b>			
Deposits / Advances with Govt. Authorities and Companies	2775.96	3428.61	2857.43
Advances for Supplies & Services	380.04	40.37	373.25
Advances given to Employees	21.55	12.64	22.93
Rental Advance	66.00	66.00	66.00
Accrued Interest on Fixed Deposits	107.70	112.28	87.52
<b>Total</b>	<b>3351.25</b>	<b>3659.90</b>	<b>3407.13</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 10. EQUITY SHARE CAPITAL

	Number of Shares	₹ in Lakhs
<b>Authorised:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2016</b>	12,50,00,000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	12,50,00,000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	12,50,00,000	2500.00
<b>Issued, Subscribed and Paidup:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2016</b>	8,70,01,200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	8,70,01,200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	8,70,01,200	1740.02
<b>Movements in Equity Share Capital:</b>		
<b>As at 1<sup>st</sup> April 2016</b>	8,70,01,200	1740.02
<b>As at 31<sup>st</sup> March 2017</b>	8,70,01,200	1740.02
<b>As at 31<sup>st</sup> March 2018</b>	8,70,01,200	1740.02

- The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.
- For the year ended 31<sup>st</sup> March 2018, the amount of dividend per share declared as distributions to equity shareholders was ₹ 1.00 (31<sup>st</sup> March 2017: ₹ 0.90). Refer note 11 for details of dividend declared/recognised in financial statements.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Details of equity shareholders holding more than 5% :

Name of the shareholder	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	%	No. of shares	%	No. of shares	%
P. Deepak	34295905	39.42	34245905	39.36	34245905	39.36
P. Deepak (HUF)	14441763	16.60	14441763	16.60	14349500	16.49
P. Divya	16154249	18.57	16154249	18.57	16154249	18.57
	<b>64891917</b>	<b>74.59</b>	<b>64841917</b>	<b>74.53</b>	<b>64749654</b>	<b>74.42</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>11. OTHER EQUITY</b>			
Securities Premium Account	8774.13	8774.13	8774.13
General Reserve	20000.00	17500.00	15500.00
Retained Earnings	6230.63	5893.00	4913.46
<b>Total Reserves and Surplus</b>	<b>35004.76</b>	<b>32167.13</b>	<b>29187.59</b>
<b>Securities Premium Account</b>			
Opening Balance	8774.13	8774.13	8774.13
Additions during the year	-	-	-
(Deductions) / (Adjustments) during the year	-	-	-
<b>Closing Balance</b>	<b>8774.13</b>	<b>8774.13</b>	<b>8774.13</b>
<b>General Reserve</b>			
Opening Balance	17500.00	15500.00	13500.00
Additions during the year	2500.00	2000.00	2000.00
(Deductions) / (Adjustments) during the year	-	-	-
<b>Closing Balance</b>	<b>20000.00</b>	<b>17500.00</b>	<b>15500.00</b>
<b>Retained Earnings</b>			
Opening Balance	5893.00	4913.46	4145.38
Total Comprehensive Income for the period	3780.04	3398.39	3186.93
<b>Amount available for Appropriation</b>	<b>9673.04</b>	<b>8311.85</b>	<b>7332.31</b>
<b>Appropriations:</b>			
- General Reserve	2500.00	2000.00	2000.00
- Dividend on Equity Shares	783.01	348.00	348.00
- Dividend Distribution Tax on above	159.40	70.85	70.85
<b>Closing Balance</b>	<b>6230.63</b>	<b>5893.00</b>	<b>4913.46</b>
<b>12. BORROWINGS - NON CURRENT</b>			
Term Loan from Banks	3000.00	-	646.15
(Refer Note No.29)			
<b>Total</b>	<b>3000.00</b>	<b>-</b>	<b>646.15</b>
<b>13. DEFERRED TAX LIABILITIES (NET)</b>			
Deferred Tax Liability - Property, Plant and Equipment	4120.10	4027.63	3889.25
Deferred Tax Asset - Employee benefits	-25.16	-1.17	-37.91
<b>Unused tax credits:</b>			
MAT Credit Entitlement	-	-24.08	-248.21
<b>Total</b>	<b>4094.94</b>	<b>4002.38</b>	<b>3603.13</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)	1 <sup>st</sup> April 2016 (₹ in lakhs)
<b>14. BORROWINGS - CURRENT</b>			
Secured Loans Repayable on Demand to Banks:			
- Working Capital Loans (Refer Note No.29)	6782.24	7340.52	7385.24
<b>Total</b>	<b>6782.24</b>	<b>7340.52</b>	<b>7385.24</b>
<b>15. TRADE PAYABLES</b>			
Trade Payables:			
Total outstanding dues of MSME (Refer Note No.34)	150.39	50.04	149.20
Total outstanding dues of creditors other than MSME	9289.64	6885.87	4717.23
<b>Total</b>	<b>9440.03</b>	<b>6935.91</b>	<b>4866.43</b>
<b>16. OTHER CURRENT LIABILITIES</b>			
<b>Current Maturities of Long-Term Debt:</b>			
- Term Loans from Banks (Refer Note No.29)	-	364.89	1604.76
Unpaid Dividends	13.42	15.25	17.10
Statutory Dues	1782.84	545.19	509.09
Advances received from Customers	211.03	217.45	184.28
Outstanding Expenses	1264.49	974.98	1176.16
<b>Total</b>	<b>3271.78</b>	<b>2117.76</b>	<b>3491.39</b>
<b>17. PROVISIONS</b>			
<b>Provision for Employee Benefits:</b>			
- Gratuity	71.86	-	29.76
- Bonus	151.52	149.85	195.99
Provision for Income Tax (Net of TDS / Advance Tax / MAT Credit)	118.78	11.77	97.27
<b>Total</b>	<b>342.16</b>	<b>161.62</b>	<b>323.02</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	76006.57	63764.34
<b>Total</b>	<b>76006.57</b>	<b>63764.34</b>
<b>19. OTHER INCOME</b>		
Interest Income	87.93	314.73
Gain on Foreign Currency Transaction (Net)	180.73	-
Gain on sale of assets	-	1.13
Export Incentive	162.93	138.81
<b>Total</b>	<b>431.59</b>	<b>454.67</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Raw Materials at the beginning of the year	1988.55	1172.86
Add: Purchases	36488.85	26042.70
(Less): Raw Materials at the end of the year	-3337.45	-1988.55
<b>Cost of Materials Consumed</b>	<b>35139.95</b>	<b>25227.01</b>
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	2731.28	3802.36
Work-in-Progress	2898.85	1663.48
	<b>5630.13</b>	<b>5465.84</b>
<b>Opening Stock</b>		
Finished Goods	3802.36	2911.38
Work-in-Progress	1663.48	1725.44
	<b>5465.84</b>	<b>4636.82</b>
<b>Decrease in Inventories of FG &amp; WIP</b>	<b>-164.29</b>	<b>-829.02</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3815.47	3326.51
Contribution to Provident and Other Funds	298.18	274.16
Staff Welfare Expenses	501.39	528.80
<b>Total</b>	<b>4615.04</b>	<b>4129.47</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2018 (₹ in lakhs)	31 <sup>st</sup> March 2017 (₹ in lakhs)
<b>23. FINANCE COSTS</b>		
Interest Expense	334.05	663.83
Other Borrowing Costs	220.98	234.39
	<b>555.03</b>	<b>898.22</b>
Interest on Short Term Deposits	-262.68	-283.07
<b>Total</b>	<b>292.35</b>	<b>615.15</b>
<b>24. DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Property, Plant and Equipment	1584.08	1317.89
Other Intangible Assets	8.85	24.49
<b>Total</b>	<b>1592.93</b>	<b>1342.38</b>
<b>25. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2629.19	2155.84
Fettling and Other Manufacturing Expenses	8994.12	6741.88
Power and Fuel	10585.98	9406.62
Freight and Forwarding Charges	2485.10	1657.41
Repairs and Maintenance:		
- Plant and Machinery	1677.80	1357.57
- Buildings	183.88	116.95
Rent	154.23	132.56
Insurance	86.78	58.84
Rates and taxes	24.31	10.76
Printing and Stationery	35.27	36.91
Travelling and Conveyance	355.12	363.63
CSR Expenses (Refer Note No. 30)	84.48	75.63
Advertisement	3.45	4.36
Legal and Professional Charges	135.01	125.90
Communication Charges	33.50	40.21
Payment to Auditors:		
- Audit Fee	13.00	13.00
- Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	4.10	4.40
Books, Periodicals & Subscriptions	7.97	19.64
Vehicle and Office Maintenance	104.35	73.26
Selling Expenses	98.47	77.99
Loss on Foreign Currency Transaction (Net)	-	23.92
Loss on Asset Scrapped / Sold	-	0.69
Miscellaneous Expenses	8.47	5.28
<b>Total</b>	<b>27706.58</b>	<b>22505.25</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 26. INCOME TAX

The major components of Income Tax are given below:

₹ in lakhs

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Profit or Loss:</b>		
Current Tax:		
Current Income Tax Charge	1787.44	1330.90
Adjustment of current tax of previous year	-3.54	2.80
<b>Total</b>	<b>1783.90</b>	<b>1333.70</b>
Deferred Tax:		
Relating to the origination and reversal of temporary differences	92.94	175.12
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>1876.84</b>	<b>1508.82</b>
<b>Other Comprehensive Income:</b>		
Current Tax:		
Tax related to items recognised in other comprehensive income during the year:		
Remeasurement of Defined Benefit Plans	-24.45	-6.87
<b>Income tax charged to Other Comprehensive Income</b>	<b>-24.45</b>	<b>-6.87</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's Domestic Tax rate for 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017:

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of company tax in India (34.608%) as follows:

₹ in lakhs

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Accounting Profit before income tax	5703.07	4920.20
Enacted tax rate in India	34.608%	34.608%
Profit before income tax multiplied by enacted tax rate	1973.72	1702.78
Effects of:		
Additional deduction on Research and Development Expenses	-212.79	-278.99
Additional deduction under Income Tax Act based on capital investment	-18.54	-138.23
Disallowances	45.05	45.34
Adjustment of current tax of previous year	-3.54	2.80
<b>Net effective Income Tax</b>	<b>1783.90</b>	<b>1333.70</b>

During the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017, the Company has paid Dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to Equity.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 27. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity Shares that would be issued on conversion of all the dilutive potential Equity Shares in to Equity Shares.

The Basic and Diluted EPS calculations are given below:

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit after tax (₹ in Lakhs)	3826.23	3411.38
Weighted average number of shares in Lakhs		
- Basic	870.01	870.01
- Diluted	870.01	870.01
Earnings per share of ₹ 2/- each		
- Basic	4.40	3.92
- Diluted	4.40	3.92

### 28. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

Taxes: The Company has unused tax credits (Minimum Alternate Tax (MAT)) of ₹ 24.08 Lakhs as on 31<sup>st</sup> March 2017 (1<sup>st</sup> April 2016: ₹ 248.21 Lakhs). The Company based on its business plan along with supporting convincing evidence including future projections of profit believes that the unused tax credits would be utilized within the stipulated time period as per the Income Tax Act, 1961.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit gratuity plan are given in Note No. 36.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

29. (i). Term Loans from Banks are secured by equitable mortgage of freehold land, freehold buildings and hypothecation of plant and equipment present and future. Working Capital Loan is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores and book debts.

- (ii). Terms of Repayment

#### Loan Description

Term Loan - Banks

#### Repayment Terms

Quarterly Installment

### 30. DETAILS OF CSR EXPENDITURE

(₹ in lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
a. Gross amount required to be spent by the Company during the year as per Section 135 of the Companies Act, 2013 read with Schedule VII	83.16	74.69
b. Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than (i) above	84.48	75.63

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 31. COMMITMENTS

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of acquisition of assets.	3595.49	89.03

### 32. CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Bank Guarantees	81.05	101.77
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
i) towards central excise	363.52	523.07
ii) towards sales tax	1.77	28.07

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.

### 33. 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 2018	31 <sup>st</sup> March 2017
Material and stores & spares consumption	333.55	313.91
Power and fuel	125.90	119.41
Repairs and maintenance	45.03	33.47
Employee benefit expenses	287.40	229.66
Depreciation	3.82	0.73
Others	7.27	7.61
<b>Total</b>	<b>802.97</b>	<b>704.79</b>

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Freehold Buildings	-	-
Plant and Equipment	148.17	56.63
<b>Total</b>	<b>148.17</b>	<b>56.63</b>

34. Amount payable to Micro, Small and Medium Enterprises (MSMEs) as on 31<sup>st</sup> March 2018 is ₹150.39 Lakhs (31<sup>st</sup> March 2017: ₹ 50.04 Lakhs, 1<sup>st</sup> April 2016 ₹ 149.20 Lakhs) and there is no overdue amount.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 35. SEGMENT REPORTING UNDER IND AS 108

The Company operates in a single primary business segment namely Manufacture of Iron Castings. Identification of the secondary segment based on the location of the customers is not mandated since the company's total exports do not exceed 10% of its gross revenue for the year 2017-18.

### 36. EMPLOYEE BENEFITS

- (i) The Company provides Gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous services for a period of five years are eligible for Gratuity. The amount of Gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for fifteen days salary multiplied for the number of years of service. The Gratuity plan is a funded plan and maintained with Life Insurance Corporation of India.

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plant Assets	Total
<b>1<sup>st</sup> April 2016</b>	<b>529.36</b>	<b>-499.60</b>	<b>29.76</b>
Current Service Cost	42.10	-	42.10
Past Service Cost	-	-	-
Interest Expense / (Income)	42.35	-43.42	-1.07
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>84.45</b>	<b>-43.42</b>	<b>41.03</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	19.86	-	19.86
- (Gain)/Loss from change in financial assumptions	-	-	-
- Experience (Gains)/Losses	-	-	-
- Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>19.86</b>	<b>-</b>	<b>19.86</b>
- Employer Contributions	-	-118.56	-118.56
- Benefit Payments	-67.02	67.02	-
<b>31<sup>st</sup> March 2017</b>	<b>566.65</b>	<b>-594.56</b>	<b>-27.91</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plant Assets	Total
<b>1<sup>st</sup> April 2017</b>	<b>566.65</b>	<b>-594.56</b>	<b>-27.91</b>
Current Service Cost	47.76	-	47.76
Past Service Cost	-	-	-
Interest Expense / (Income)	45.33	-47.53	-2.20
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>93.09</b>	<b>-47.53</b>	<b>45.56</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	70.64	-	70.64
- (Gain)/Loss from change in financial assumptions	-	-	-
- Experience (Gains)/Losses	-	-	-
- Changes in asset ceiling excluding amounts included in interest expense	-	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>70.64</b>	<b>-</b>	<b>70.64</b>
- Employer Contributions	-	-16.43	-16.43
- Benefit Payments	-40.87	40.87	-
<b>31<sup>st</sup> March 2018</b>	<b>689.51</b>	<b>-617.65</b>	<b>71.86</b>

(ii) The Net Liability/ (Asset) disclosed above relates to funded and unfunded plans as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Present value of funded obligations	689.51	566.65	529.35
Fair value of plan assets	-617.65	-594.56	-499.60
<b>Deficit/(Excess) of Funded Plan</b>	<b>71.86</b>	<b>-27.91</b>	<b>29.76</b>
Unfunded plans	-	-	-
<b>Deficit/(Excess) of Gratuity Plan</b>	<b>71.86</b>	<b>-27.91</b>	<b>29.76</b>

(iii) Significant Estimates: Actuarial assumptions and sensitivity

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Discount Rate	7.50%	8.00%	8.00%
Expected return on Plan Assets	7.50%	8.00%	8.00%
Salary Growth Rate	7.00%	7.00%	7.00%
Attrition Rate (depend on age)	1% to 3%	1% to 3%	1% to 3%

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 37. RELATED PARTY DISCLOSURE

Related parties under Ind AS 24 with whom transactions have taken place during the year:

#### 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
4. Mr. S.K. Sivakumar, Group - Chief Financial Officer & Company Secretary

#### Relatives to Key Management Personnel (KMP):

1. Mrs. P. Jamuna
2. Mrs. P. Viraja

#### a) Transactions with related parties (2017-18) (₹ in Lakhs)

Nature of Transactions	KMP	Relatives to KMP
Remuneration	335.87	-
Rental Payments	12.00	146.52

#### b) Transactions with related parties (2016-17)

Nature of Transactions	KMP	Relatives to KMP
Remuneration	300.44	-
Rental Payments	12.00	145.80

### 38. FAIR VALUES

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, management has assessed the fair value of the borrowings approximate their current value largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 39. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payable. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents derived directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk (including input cost risk, interest rate risk and foreign currency risk), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company. The Company does not enter into or trade financial instruments for speculative purposes.

#### a. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, loans and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

#### b. Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### c. 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 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.

### Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The majority of the Company's revenue and expenses are in Indian Rupees with the remainder denominated in US Dollars and Euros. 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.

### Unhedged foreign Currency

As at the Balance Sheet date, the Company's net foreign currency exposure that is unhedged is as follows:

(₹ in Lakhs)		
Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Trade Receivables	1879.76	1457.38

## 41. FIRST TIME ADOPTION OF IND AS

These financial statements for the year ended 31<sup>st</sup> March 2018 are the first the Company has prepared in accordance with Ind AS. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1<sup>st</sup> April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1<sup>st</sup> April 2016 and the financial statements as at and for the year ended 31<sup>st</sup> March 2017.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment as deemed cost at the date of the transition. The same election has been made in respect of intangible assets.
- Ind AS 101 requires a first-time adopter to apply de-recognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognize the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.
- The Company has opted to carry the investment in subsidiaries as well as in other companies at the previous GAAP carrying amount at the transition date.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Estimates

The estimates as at 1<sup>st</sup> April 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1<sup>st</sup> April 2016 (transition date) and as of 31<sup>st</sup> March 2017.

### Effect of the Transition to Ind AS

Reconciliations of the Company's Balance Sheets under Indian GAAP and Ind AS as of 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 are also presented in Note No. 43 & 44. Reconciliations of the Company's Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2017 prepared in accordance with India GAAP and Ind AS in Note No. 45.

### IND AS NOTES

#### a. Proposed Dividend:

Under Indian GAAP, proposed dividends including Dividend Distribution Tax thereon were recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recognised towards dividend as at 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016 has been de-recognised against retained earnings and recognised in the year of payment.

#### b. Financial Assets at Amortised Cost:

Under Indian GAAP, the Company accounted for long term investments in unquoted shares as investment measured at cost less provision for other than temporary diminution in the value of investments, if any. Under Ind AS, the Company has designated such investments as investments at amortised cost.

#### c. Re-measurement of actuarial (gains) / loss:

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income. Thus the employee benefit cost is reduced by ₹ 19.86 Lakhs for the year 2016-17 and re-measurement gains/losses on defined benefit plans has been recognised in the Other Comprehensive Income net of tax.

#### d. Excise Duty on sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus sale of goods under Ind AS for the year ended 31<sup>st</sup> March 2017 has increased with a corresponding increase in other expenses.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### e. Subsequent Event

The Board of Directors at their meeting held on 18<sup>th</sup> May 2018 has recommended a dividend of ₹ 1.00 per equity share (31<sup>st</sup> March 2017: ₹ 0.90 per equity share), subject to shareholders approval at annual general meeting.

### f. MAT Credit Entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

### g. Deferred Tax Assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

### h. Other Comprehensive Income (OCI)

Under Indian GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### i. Cash Flow Statement

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

## 42. 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 in Profit or Loss		Share in Other Comprehensive (Income) /Loss		Share in Total Comprehensive Income	
	As a % of Consolidated net assets	₹ in Lakhs	As a % of Consolidated Profit or Loss	₹ in Lakhs	As a % of Consolidated Other Comprehensive Income	₹ in Lakhs	As a % of Total Comprehensive Income	₹ in Lakhs
<b>Parent</b>								
Nelcast Limited	99.27%	36744.78	100.00%	3826.23	100.00%	46.19	100.00%	3780.04
<b>Subsidiary</b>								
NC Energy Limited	0.73%	271.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>37015.78</b>	<b>100.00%</b>	<b>3826.23</b>	<b>100.00%</b>	<b>46.19</b>	<b>100.00%</b>	<b>3780.04</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 43. Reconciliation of Equity as at 1<sup>st</sup> April 2016

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	27416.19	-	27416.19
Capital Work-in-Progress	978.58	-	978.58
Other Intangible Assets	39.68	-	39.68
Financial Assets:			
(i) Investments	8.74	-	8.74
Other Non-Current Assets	221.01	-	221.01
<b>Total Non-Current Assets [A]</b>	<b>28664.20</b>	<b>-</b>	<b>28664.20</b>
<b>Current Assets</b>			
Inventories	7400.60	-	7400.60
Financial Assets:			
(i) Trade Receivables	6654.76	-	6654.76
(ii) Cash and Cash Equivalents	5280.28	-17.10	5263.18
(iii) Bank balances other than (ii) above	-	17.10	17.10
Other Current Assets	3655.34	-248.21	3407.13
<b>Total Current Assets [B]</b>	<b>22990.98</b>	<b>-248.21</b>	<b>22742.77</b>
<b>Total Assets [A+B]</b>	<b>51655.18</b>	<b>-248.21</b>	<b>51406.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1740.02	-	1740.02
Other Equity	28768.74	418.85	29187.59
Non-Controlling Interest	164.00	-	164.00
<b>Total Equity [A]</b>	<b>30672.76</b>	<b>418.85</b>	<b>31091.61</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Financial Liabilities:			
(i) Borrowings	646.15	-	646.15
Deferred Tax Liabilities (Net)	3851.34	-248.21	3603.13
<b>Total Non-Current Liabilities [B]</b>	<b>4497.49</b>	<b>-248.21</b>	<b>4249.28</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
(i) Borrowings	7385.24	-	7385.24
(ii) Trade Payables	4866.43	-	4866.43
Other Current Liabilities	3491.39	-	3491.39
Provisions	741.87	-418.85	323.02
<b>Total Current Liabilities [C]</b>	<b>16484.93</b>	<b>-418.85</b>	<b>16066.08</b>
<b>Total Liabilities [B+C]</b>	<b>20982.42</b>	<b>-667.06</b>	<b>20315.36</b>
<b>Total Equity and Liabilities [A+B+C]</b>	<b>51655.18</b>	<b>-248.21</b>	<b>51406.97</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 44. Reconciliation of Equity as at 31<sup>st</sup> March 2017

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	27131.69	-	27131.69
Capital Work-in-Progress	1238.47	-	1238.47
Other Intangible Assets	17.06	-	17.06
Financial Assets:			
(i) Investments	11.12	-	11.12
Other Non-Current Assets	209.72	-	209.72
<b>Total Non-Current Assets [A]</b>	<b>28608.06</b>	<b>-</b>	<b>28608.06</b>
<b>Current Assets</b>			
Inventories	9405.00	-	9405.00
Financial Assets:			
(i) Trade Receivables	7596.93	-	7596.93
(ii) Cash and Cash Equivalents	5359.45	-15.25	5344.20
(iii) Bank balances other than (ii) above	-	15.25	15.25
Other Current Assets	3683.98	-24.08	3659.90
<b>Total Current Assets [B]</b>	<b>26045.36</b>	<b>-24.08</b>	<b>26021.28</b>
<b>Total Assets [A+B]</b>	<b>54653.42</b>	<b>-24.08</b>	<b>54629.34</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1740.02	-	1740.02
Other Equity	31224.72	942.41	32167.13
Non-Controlling Interest	164.00	-	164.00
<b>Total Equity [A]</b>	<b>33128.74</b>	<b>942.41</b>	<b>34071.15</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Financial Liabilities:			
(i) Borrowings	-	-	-
Deferred Tax Liabilities (Net)	4026.46	-24.08	4002.38
<b>Total Non-Current Liabilities [B]</b>	<b>4026.46</b>	<b>-24.08</b>	<b>4002.38</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
(i) Borrowings	7340.52	-	7340.52
(ii) Trade Payables	6935.91	-	6935.91
Other Current Liabilities	2117.76	-	2117.76
Provisions	1104.03	-942.41	161.62
<b>Total Current Liabilities [C]</b>	<b>17498.22</b>	<b>-942.41</b>	<b>16555.81</b>
<b>Total Liabilities [B+C]</b>	<b>21524.68</b>	<b>-966.49</b>	<b>20558.19</b>
<b>Total Equity and Liabilities [A+B+C]</b>	<b>54653.42</b>	<b>-24.08</b>	<b>54629.34</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 45. Reconciliation of Profit or Loss for the year ended 31<sup>st</sup> March 2017

PARTICULARS	IGAAP	Ind AS Adj.	Ind AS
<b>Income:</b>			
Revenue from Operations	57455.77	6308.57	63764.34
Other Income	454.67	-	454.67
<b>Total Income</b>	<b>57910.44</b>	<b>6308.57</b>	<b>64219.01</b>
<b>Expenses:</b>			
Cost of Materials Consumed	25227.01	-	25227.01
Changes in Inventories of Finished Goods & Work-in-Progress	-829.02	-	-829.02
Excise Duty	-	6308.57	6308.57
Employee Benefits Expense	4149.33	-19.86	4129.47
Finance Costs	615.15	-	615.15
Depreciation & Amortisation Expense	1342.38	-	1342.38
Other Expenses	22505.25	-	22505.25
<b>Total Expenses</b>	<b>53010.10</b>	<b>6288.71</b>	<b>59298.81</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>4900.34</b>	<b>19.86</b>	<b>4920.20</b>
Exceptional Items	-	-	-
<b>Profit Before Tax</b>	<b>4900.34</b>	<b>19.86</b>	<b>4920.20</b>
<b>Tax Expenses:</b>			
Current Taxes	1326.83	6.87	1333.70
Deferred Taxes	175.12	-	175.12
	<b>1501.95</b>	<b>6.87</b>	<b>1508.82</b>
<b>Profit for the period [A]</b>	<b>3398.39</b>	<b>12.99</b>	<b>3411.38</b>
<b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans	-	19.86	19.86
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	-	-6.87	-6.87
B. (i) Items that will be reclassified to Profit or Loss	-	-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss	-	-	-
<b>Total Other Comprehensive Income, net of taxes [B]</b>	<b>-</b>	<b>12.99</b>	<b>12.99</b>
<b>Total Comprehensive Income for the period [A-B]</b>	<b>3398.39</b>	<b>-</b>	<b>3398.39</b>

**46.** Previous year's figures have been regrouped and reclassified wherever necessary to conform to this year's classification.

#### As per our report of even date

#### For K NAGARAJU & ASSOCIATES

Chartered Accountants  
Firm Regn No. 002270S

#### K. NAGARAJU

Partner  
Membership No. 024344

#### For and on behalf of the Board

#### D. Sesha Reddy

Chairman  
DIN: 00520448

#### A. Balasubramanian

Director  
DIN: 00490921

#### P. Deepak

Managing Director  
DIN: 02785326

#### P. Vijaya Bhaskar Reddy

Dy. Managing Director & CFO  
DIN: 00020592

#### S. K. Sivakumar

Group - Chief Financial Officer &  
Company Secretary

Place : Chennai  
Date : 18.05.2018



## NOTES

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CIN: L27109AP1982PLC003518  
Regd. Office: 34, Industrial Estate, Gudur - 524 101  
www.nelcast.com

**THIRTY SIXTH ANNUAL GENERAL MEETING - 13<sup>th</sup> AUGUST 2018**  
**ATTENDANCE SLIP**

To be handed over at the entrance of the meeting hall

I hereby record my presence at the **36<sup>th</sup> Annual General Meeting (AGM)** of the Company held on **Monday, 13<sup>th</sup> August 2018 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh.**

.....

Name (in block letters)

.....

Signature of Shareholder(s)/Proxy

**Notes:**

1. Please complete the Folio / DP ID - Client ID No. and Name, Sign this Attendance Slip and hand over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report 2017-18 and the Notice of the 36<sup>th</sup> AGM along with Attendance Slip and Proxy Form is being sent to all the Members whose email address is registered with the Company/ Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can carry a print of this Attendance Slip.
3. Physical copy of the Annual Report 2017-18 and Notice of the 36<sup>th</sup> AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



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**THIRTY SIXTH ANNUAL GENERAL MEETING - 13<sup>th</sup> AUGUST 2018**  
**E-VOTING PARTICULARS**

**ELECTRONIC VOTING PARTICULARS**

<b>EVEN (E-Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>
<b>108681</b>		

**Note:** Please read instructions given in the Notice of the 36<sup>th</sup> AGM carefully before voting electronically.





CIN: L27109AP1982PLC003518  
Regd. Office: 34, Industrial Estate, Gudur - 524 101  
www.nelcast.com

**THIRTY SIXTH ANNUAL GENERAL MEETING - 13<sup>th</sup> AUGUST 2018**  
**PROXY FORM (FORM NO. MGT-11)**

[Pursuant to Section 105(6) of the Companies Act, 2013 and  
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We, being the member(s) of **Nelcast Limited** holding \_\_\_\_\_ shares, hereby appoint

1. \_\_\_\_\_ of \_\_\_\_\_ having e-mail ID \_\_\_\_\_ or failing him
2. \_\_\_\_\_ of \_\_\_\_\_ having e-mail ID \_\_\_\_\_ or failing him
3. \_\_\_\_\_ of \_\_\_\_\_ having e-mail ID \_\_\_\_\_

and whose signature(s) are appended below as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **36<sup>th</sup> Annual General Meeting** of the Company, to be held on **Monday, 13<sup>th</sup> August 2018 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh** and at any adjournment thereof in respect of such resolutions as are indicated below:

\* I wish my/our above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolutions	For	Against
1	To Receive, Consider and Adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company, Auditors Report & Directors Report for the year ended 31 <sup>st</sup> March, 2018		
2	To declare Dividend for the financial year 2017-18		
3	To re-appoint Ms. P. Divya, Director, who retires by rotation		
4	To re-appoint Mr. P. Deepak as Managing Director		
5	To ratify the Remuneration paid to Cost Auditors of the Company		
6	To increase Borrowing Limits of the Company		
7	To increase limits for Creation of Charges on the assets of the Company		
8	To adopt new Memorandum of Association of the Company		
9	To adopt new Articles of Association of the Company		
10	To approve further issue of Securities		

Signed this ..... day of ..... 2018

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp

\* This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

**Notes:**

1. **This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.**
2. **A Proxy need not be a member of the Company.**
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total Share Capital of the Company carrying voting rights. A member holding more than 10% of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder.
4. Appointing a Proxy does not prevent a Member from attending the meeting in person if he/she so wishes.
5. In the case of Joint holders, the signature of any one holder will be sufficient.