

## **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

## **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  
Website: www.nelcast.com

## **PLANTS**

- 1. Gudur Unit:**  
34, Industrial Estate, Gudur - 524 101  
Ph : 08624-251266/766, Fax: 08624-252066
- 2. Ponneri Unit:**  
Madhavaram Village, Amur Post, Ponneri - 601 204  
Ph : 044-27974165/1506, Fax: 044-27973620
- 3. Pedapariya Unit:**  
259 to 261, Pedapariya Village,  
Ozili Mandal, Nellore - 524 402



# Annual Report 2019 - 20

Annual  
Report  
2019 - 20

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## BOARD'S REPORT

Your Directors are pleased to present the Thirty Eighth Annual Report along with the audited financial statements for the financial year ended 31<sup>st</sup> March 2020:

<b>PERFORMANCE</b>	(₹ in Lakhs)	
<b>FINANCIAL RESULTS</b>	<b>2019-20</b>	<b>2018-19</b>
<b>Total Income</b>	<b>57733.57</b>	<b>86220.74</b>
<b>PBIDT</b>	<b>5883.89</b>	<b>8181.57</b>
<b>Profit Before Tax (PBT)</b>	<b>3080.77</b>	<b>5771.62</b>
Less: Provision for Tax	-519.74	1927.54
<b>Profit After Tax (PAT)</b>	<b>3600.51</b>	<b>3844.08</b>
Add: Profit brought forwarded from previous year	6500.84	6230.63
Other Comprehensive Income	-48.34	-25.02
<b>Total Comprehensive Income available for Appropriation</b>	<b>10053.01</b>	<b>10049.69</b>
<b>Appropriations:</b>		
General Reserve	-	2500.00
Dividend on Equity Shares	870.01	870.01
Distribution Tax on Dividend	178.84	178.84
<b>Surplus Carried to Balance Sheet</b>	<b>9004.16</b>	<b>6500.84</b>

### **DIVIDEND**

The Board of Directors, taking in to consideration, the operational performance and uncertainties faced by the automotive sector, do not recommend any dividend for the financial year 2019-20.

### **TRANSFER TO RESERVES**

No transfer to the General Reserves has been proposed for the financial year 2019-20.

### **SHARE CAPITAL**

The paid up equity share capital as on 31<sup>st</sup> March 2020 was ₹ 1740.02 Lakhs.

### **OPERATIONS**

During the year, the Company recorded Revenue from Operations by way of Net Sales of ₹ 566.76 Crores as against ₹ 856.27 Crores in 2018-19, a reduction of about 34%. Our Exports business registered a growth of 25% compared with previous year and stood at ₹ 112.43 Crores. Profit After Tax made during the year is ₹ 36.01 Crores as against ₹ 38.44 Crores in 2018-19. The production during the year was 52175 MT, compared to the previous year's 92533 MT.

The overall reduction in Turnover and Profit Before Tax was due to slow down in the economy especially in the auto sector. This has resulted in poor performance of most of the auto component industries, Nelcast being no exception to this.

### **OUTLOOK**

The automotive industry in India has been witnessing a slowdown and 2019-20 was a challenging year for the Company in terms of Sales as well as Profit. The Indian automotive and related industries witnessed several headwinds in the financial year 2019-20 due to slowdown in the economy and regulatory changes such as emission norms, axle load & other norms, which hindered the industry's performance. During the year the Medium and Heavy Commercial Vehicle industry and Tractor

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

industry registered a negative growth of 45% and 11% respectively which has severely impacted the auto component industry. The Commercial Vehicle industry expected a strong year due to pre-buying in the year 2019-20 due to the BS-VI emission norm introduction, but due to demand slowdown, low freight rates and uncertainty of recovery, these expectations did not materialise. Due to delayed monsoon and flooding, the Tractor industry witnessed a negative growth in the financial year 2019-20. Due to Covid-19, lockdown was imposed by the Government of India and respective State Governments in March 2020 and the company had to shut down its manufacturing operations and partially resumed operations in its facilities subsequently with minimum workforce, as per the guidelines issued by the Ministry of Health and Family Welfare. The Company has taken steps to build in all the safety and precautionary measures across all its facilities and locations. The impact of COVID-19 will be felt in the Financial Year 2020-21 as it is expected to further drag the slowness in the auto industry and the revival is bound to be slow. However, the Tractor industry expects a strong growth in the year 2020-21 due to good rainfall in the previous year, increased Minimum Support Prices, credit availability, positive farm sentiment and normal monsoon expected in the current year. The 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.

### **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 2020, in accordance with the provisions of Section 129(3) of the Companies Act, 2013 and SEBI Listing Regulations and prepared in accordance with the Indian 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-A. The Company will make available the audited annual accounts and related information of its subsidiary, upon request by any of its shareholders and it has also been placed on the website of the Company. The annual accounts of the subsidiary company will also be kept for inspection, by any member at the Registered Office of the Company and its subsidiary company. The consolidated financial statements presented by the Company, which form part of this annual report, include financial results of its subsidiary company.

### **QUALITY AND CUSTOMER SATISFACTION**

The Company adheres to IATF 16949 quality standards and continuously strives to achieve world class quality by strictly adhering to the quality norms. The Company has also been awarded ISO 14001 & ISO 45001 certifications for implementing Health, Safety & Environmental Management Systems.

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

The Company is a supplier to several leading OEM customers like Tata Motors, Ashok Leyland, TAFE, Eicher Tractors (TMTL), Volvo-Eicher Commercial Vehicles, SAME Tractors, Escorts Tractors, International Tractors (ITL), 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 2020.

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

#### **Composition**

The Corporate Governance Report annexed to this Board's Report contains the composition of the Board of Directors of the Company.

Your Directors record their profound grief on the sad demise of our Deputy Managing Director Mr. P. Vijaya Bhaskar Reddy on 24<sup>th</sup> November 2019. The Company wishes to place on record his valuable contribution to the Company for more than thirty six years. The Board further expresses their heartfelt condolences for his untimely death and wishes to put on record their sincere and deep appreciation of his invaluable guidance and contribution to the Company's growth over the years.

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

Mr. S.K. Sivakumar has been appointed as Chief Financial Officer of the company during the year.

Mr. P. Deepak, Managing Director and Mr. S.K. Sivakumar, Chief Financial Officer & Company Secretary hold the office of Key Managerial Personnel.

#### **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. During the year under review a separate meeting of independent directors was held on 11<sup>th</sup> February 2020.

### **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.

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

### **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 on 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, if any;
- 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 2020 and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in the Listing Regulations are complied 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.

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

### **CERTIFICATE FROM COMPANY SECRETARY IN PRATICE**

L. Dhanamjaya Reddy, Practicing Company Secretary, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure-B.

### **BUSINESS RESPONSIBILITY REPORT**

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2019-20 describing the initiatives taken from an environment, social and governance perspectives, in the prescribed format is given as Annexure-C to this Report and is also available on the Company's website [www.nelcast.com](http://www.nelcast.com).

### **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 on the Company's website [www.nelcast.com](http://www.nelcast.com).

### **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 behaviour, 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 on the Company's website [www.nelcast.com](http://www.nelcast.com).

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

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) 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(1) of the Companies Act, 2013, 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.

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

The Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report.

With 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 at 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 2019-20. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2020 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 2020-21 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.

### **SECRETARIAL STANDARDS**

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

### **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.



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

### **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**

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

### **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-F. 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.

### **INTERNAL COMPLAINTS COMMITTEE**

The Company has in place a policy for prevention, prohibition, and redressal against sexual harassment of women at the workplace to protect women employees and enable them to report sexual harassment at the workplace. An Internal Complaints Committee has also been constituted for this purpose. No complaints were received during the year.

### **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, during the year, 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.

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

Areas on which the Committees of the Board were assessed included degree of fulfilment 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-G 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.

Place: Chennai  
Date : 19<sup>th</sup> June 2020

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

**ANNEXURE A 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 : 19<sup>th</sup> June 2020

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

**ANNEXURE B TO THE BOARD'S REPORT**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(pursuant to Regulation 34(3) and Schedule V Para-C clause 10(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

The Members of Nelcast Limited  
34, Industrial Estate,  
Gudur - 524 101.  
Andhra Pradesh.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nelcast Limited having CIN L27109AP1982PLC003518 and having registered office at 34, Industrial Estate, Gudur, Andhra Pradesh - 524 101 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>Sr.No.</b>	<b>Name of the Subsidiary</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	D. Sessa Reddy	00520448	07/06/1982
2	R. Mohan Reddy	00841038	02/01/1984
3	A. Balasubramanian	00490921	31/10/2009
4	P. Deepak	02785326	30/01/2012
5	P. Divya	05158352	30/01/2012

Ensuring the eligibility for appointment and continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date : 3<sup>rd</sup> June 2020

**L. Dhanamjaya Reddy**  
**Practicing Company Secretary**  
**Membership No.: 13104**  
**CP No.: 3752**  
**UDIN : A013104B000313613**

## ANNEXURE C TO THE BOARD'S REPORT

### BUSINESS RESPONSIBILITY REPORT (BRR)

(pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### Introduction

Nelcast Limited is one of the largest Iron castings manufacturer in India, with a total revenue of ₹ 566.76 Crores for the year 2019-20. The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating and enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG.

Securities and Exchange Board of India (SEBI) has mandated the requirement of submission of Business Responsibility Report (BRR) for the first 1000 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Nelcast Limited is pleased to present its BRR for 2019-20 based on the suggested framework provided by SEBI.

#### Section A: General information

- |     |  |   |
|-----|--|---|
| 01. | Corporate Identity Number (CIN):                           | L27109AP1982PLC003518   |
| 02. | Name:  | Nelcast Limited   |
| 03. | Registered office address:                                 | 34, Industrial Estate, Gudur, Nellore Dt.,<br>Andhra Pradesh - 524 101, India |
| 04. | Website:   | www.nelcast.com   |
| 05. | E-mail address:  | nelcast@nelcast.com   |
| 06. | Financial year reported:                                   | 2019-20   |
| 07. | Sector(s) engaged in:<br>(industrial activity code-wise)   | NIC Code: 24319 (Iron Castings)   |
| 08. | Key products / Services manufactured / provided:           |   |
|     | i) Un-Machined Castings                                    |   |
|     | ii) Machined Castings                                      |   |
| 09. | Number of locations where business activity is undertaken: |   |
|     | i) International locations:                                | Nil   |
|     | ii) National locations:                                    | 3   |
| 10. | Markets served:  | National and International  |

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

### Section B: Financial details

- |     |   |  |
|-----|---|--|
| 01. | Paid up capital:  | ₹ 17.40 Crores   |
| 02. | Turnover:   | ₹ 566.76 Crores  |
| 03. | Profit after tax:   | ₹ 36.01 Crores   |
| 04. | Spending on Corporate Social Responsibility:  | ₹ 110.22 Lakhs<br>(2% of average net profit of the Company for last 3 financial years) |
| 05. | Activities in which the Corporate Social Responsibility expenditures have been incurred:<br>The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule VII of the Companies Act, 2013. Please refer CSR report annexed to the Board's Report. |  |

### Section C: Other details

- |     |  |   |
|-----|--|---|
| 01. | Number of subsidiary companies:  | 1 |
| 02. | Participation of the subsidiary companies in Business Responsibility (BR) initiatives: No operation started in the subsidiary company.   |   |
| 03. | Percentage of participation in BR initiatives by other entities (suppliers / customers) with whom the Company does business: Most of our customers are Original Equipment Manufacturers (OEMs) and as per our understanding & information, all of them have their own BR initiatives. Suppliers are encouraged to participate in the Company's BR initiatives. |   |

### Section D: BR information

#### 01. Details of the Director (responsible for BR) and the head of BR

- a. Details of the Director:

<b>Name:</b>	<b>Mr. P. Deepak</b>
Designation:	Managing Director
DIN:	02785326

- b. Details of the head of BR:

<b>Name:</b>	<b>Mr. S.K. Sivakumar</b>
Designation:	Chief Financial Officer
E-mail address:	sivakumar@nelcast.com
Telephone:	(+91 44) 24983111

#### 02. Principles related to BR as per National Voluntary Guidelines

The National Voluntary Guidelines on Economic, Environmental and Social responsibilities of Businesses released by the Ministry of Corporate Affairs has adopted 9 Principles related to BR. These are as follows:

##### P1 Ethics, transparency and accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability.

##### P2 Safe and sustainable goods and services

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

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

- P3 **Well-being of the employees**  
Businesses should promote the well-being of all employees.
- P4 **Responsiveness to all Stakeholders**  
Businesses should respect the interests of and be responsive towards all the Stakeholders, especially those who are disadvantaged, marginalised and vulnerable.
- P5 **Promoting Human rights**  
Businesses should respect and promote human rights.
- P6 **Environment**  
Businesses should respect, protect and make efforts to restore the environment.
- P7 **Responsible policy advocacy**  
Businesses, when engaged in influencing public and regulatory policy, will do so in a responsible manner.
- P8 **Equitable development**  
Businesses should support inclusive growth and equitable development.
- P9 **Value to the customers**  
Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of the compliance (Y: Yes, N: No)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
01.	Does the Company have policies for the principles of BR?	Y	Y	Y	Y	Y	Y	Y	Y	Y
02.	Have the policies been formulated in consultation with the relevant Stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
03.	Do the policies conform to any national international standards? (Standards such as ISO 14000(EMS) IATF (Quality))	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has developed policies for its significant operations in conformance with the international standards (such as IATF 16949, ISO14001, OHSAS 18001)								
04.	Have the policies been approved If so, has it been signed by the owner/ MD Appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies have been approved by the board and internal management								
05.	Does the Company have a specified Committee of the Board/ Director Officials to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		MD and senior officials will oversee implementation of policies								
06.	What is the URL to view the policies online?	www.nelcast.com								
07.	Have the policies been formally communicated to all relevant internal and external Stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies have been communicated to relevant internal and external stakeholders.								

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

08.	Does the Company have an in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y
09.	Does the Company have a grievance redressal mechanism to address grievances of the Stakeholders (related to the policies)?	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of the policies by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y

**2a.** If answer to Sl. No.01 against any principle, is 'No', please explain why : (Tick up to 2 options) :  
Not applicable.

**03. Governance**

No.	Questions	Frequency
a.	What is the frequency with which the Board, Committee of the Board or the CEO assesses the BR performance?	3-6 months Please refer Corporate Governance section of the Company's Annual Report for the year 2019-20 for details of the various committees and their responsibilities.
b.	Whether BR and Sustainability reports be published and if so, its frequency and the URL of the published reports?	Published annually. URL: <a href="http://www.nelcast.com">http://www.nelcast.com</a>

**Section E: Principle-wise performance**

**Principle 1: Ethics, transparency and accountability**

Businesses must conduct and govern themselves with ethics, transparency and accountability.

01. Does the Policy relating to ethics, bribery and corruption cover only the Company or does it extend to the Group / joint ventures / suppliers / contractors / NGOs / others?  
The Policy extends to the Group / joint ventures / suppliers / contractors / NGOs / others. The Company has an exhaustive code of conduct policy which covers all aspects of ethical practices. The Company has Whistle blower policy and is fundamental to the Company's professional integrity.
02. How many Stakeholders' complaints have been received in 2019-20 and what percentage was satisfactorily resolved by the Management?  
During 2019-20, no such complaints were received from the Stakeholders and there were no outstanding complaints as on 31<sup>st</sup> March 2020.

**Principle 2: Safe and sustainable goods and services**

Businesses will provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

01. List up to 3 products or services of the Company whose design(s) has (have) incorporated social or environmental concerns, risks and / or opportunities.
  - i) Brackets for BS VI After Treatment System Mounting
  - ii) Bed Plate for BS VI Vehicle
  - iii) Diff Case for Electric Truck
 During the year we have supported the OEMs to develop their vehicles which have lower environmental effect.



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

02. Does the Company have procedures in place for sustainable sourcing (including transportation)? If so, what percentage of inputs was sourced sustainably?

The Company is in the process of institutionalizing procedures for sustainable sourcing including transportation. Currently, the Company expects its suppliers to abide by IATF 16949 and ISO 14001 standards.

03. Has the Company taken any steps to procure goods and services from local and small producers / providers, including communities surrounding its place of work? If so, what steps have been taken to improve their capacity and capability?

The Company gives preference to local and small producers / providers of goods and services based near its manufacturing sites. Its employees regularly interact with such producers / providers of goods and services to improve their capacity and capability, particularly in the areas of manufacturing, fabrication, safety, health and environment.

04. Does the Company have a mechanism to recycle its products and waste? If so, what percentage of products and waste is recycled (separately as <5%, 5-10%, >10%) and what are the details thereof?

The Company has in-house facilities to recycle its waste and is continuously striving to minimise them. At present, it is recycling 5-10% of its waste. To optimize our material consumption, we also use recycled materials in our process to the maximum extent. All our solid waste, packing materials are sold to the authorized scrap dealers & further it is recycled and reused by them. The wasted water generated from our operations are recycled and reused. We emphasize reduction of waste followed by recycling and final disposal in a responsible manner. In addition to the in-house facilities, it also works with selected companies which are duly authorised by the State Pollution Control Board (SPCB) for using such waste as their inputs.

#### **Principle 3: Well-being of the employees**

Businesses will promote the well-being of all employees.

01. Number of employees: 1066 permanent employees as on 31<sup>st</sup> March 2020
02. Number of employees on temporary / contractual / casual basis: 524 as on 31<sup>st</sup> March 2020
03. Number of permanent women employees: 1 as on 31<sup>st</sup> March 2020
04. Number of permanent employees with disabilities: 6 as on 31<sup>st</sup> March 2020
05. Recognition of employee association by the Management: Yes
06. Percentage of permanent employees who are members of the recognised employee associations:  
100% of permanent employees in the workmen category.
07. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in 2019-20 and pending as on 31<sup>st</sup> March 2020: Nil

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

08. Percentage of employees given safety and skill up-gradation training last year: Safety being one of our core values we are committed to continuous improvement of our safety performance. We believe that providing safe workplace is our key responsibility. We make sure that our premises, operations, and systems are safe. We have a safety policy which covers all our manufacturing plants and office buildings. We are constantly looking for ways to strengthen our safety performance across facilities and locations. We provide safety training to newly joined employees and refresher safety training is conducted periodically.
- Skill upgradations also part of our strategic plan where employees are identified based on the need and provided the training across all the levels. Now we are providing the training through digital model also.

### Principle 4: Responsiveness to all Stakeholders

Businesses will respect the interests of and be responsive towards all Stakeholders, especially those who are disadvantaged, marginalised and vulnerable.

01. Has the Company mapped its internal and external Stakeholders?  
The Company has mapped its internal and external Stakeholders; they are community, consumers, customers, employees, Suppliers, Regulatory Authorities, Government, lenders, NGOs and the Shareholders.
02. Out of the above, has the Company identified the disadvantaged, marginalised and vulnerable Stakeholders?  
The Company has identified schools in rural villages which have children economically poor, migrated population who are working in various semi-skilled and unskilled professions.
03. Are there any special initiatives taken by the Company to engage with the disadvantaged, marginalised and vulnerable Stakeholders?  
We believe that education is the most powerful tool for social and economic transformation. We help the schools situated in the villages by providing books, infrastructural facilities, drinking water facilities. We also provide drinking water to communities to address the shortage of safe drinking water. We have installed Ultrasound scanning machine in one of the hospital situated in Nellore District. We have provided two pick-up Vans to an Eye Hospital for transporting poor people for the treatment. Distributed books to children in village schools to promote education and repaired school buildings. We have given more details of various initiatives undertaken by the Company are given CSR Report.

### Principle 5: Promoting Human rights

Businesses will respect and promote human rights.

01. Does the Policy of the Company on human rights cover only the Company or extend to the Group / joint ventures / suppliers / contractors / NGOs / others?  
The Policy extends to the Group / joint ventures / suppliers / contractors / NGOs / others.
02. How many Stakeholder complaints have been received in 2019-20 and what percent was satisfactorily resolved by the Management?  
During 2019-20, no complaints were received.

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

### Principle 6: Environment

Businesses will respect, protect and make efforts to restore the environment.

01. Does the Policy related to environment cover only the Company or extend to the Group / joint ventures / suppliers / contractors / NGOs / others?

The Policy extends to the Group / joint ventures / suppliers / contractors / NGOs / others.

02. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? If so, what is the URL?

The Company has strategies / initiatives for enhancing its own performance related to issues concerning the environment. There is no URL at present. We have energy conservation activities across all our plants. Procurement of green electricity (Windmill), Emission reduction through lesser emission fuels such as LPG instead of diesel, Mass plantation of saplings, Water conservation projects and Supporting OEMs to develop BS VI vehicles.

03. Does the Company identify and assess potential environmental risks?

The Company identifies and assesses potential environmental risks for its existing and new products.

04. Does the Company have any project related to Clean Development Mechanism? If so, state the details thereof and mention whether any environmental compliance report is filed.

We are committed to complying fully with all applicable environmental laws and regulations imposed by Central/ State Pollution Control Board.

05. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? If so, what is the URL?

The Company regularly undertakes many initiatives related to clean technology, energy efficiency, renewable energy, etc. Some of our initiatives are highlighted below:

- Renewable Energy, Wind Energy, Lower Emission Fuels
- Process: Energy & Water conservation
- Installed Energy Monitoring System (EMS), installed LED lights across the Company, procured only those motors which are energy efficient. At present, it does not have any URL.

06. Are the emissions / waste generated by the Company within permissible limits given by CPCB/ SPCB for 2019-20?

The effluents / emissions / waste generated by the manufacturing facilities of the Company are within the permissible limits given by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

07. Number of show cause / legal notices received from CPCB / SPCB which are pending (not resolved to satisfaction) as of end of 2019-20.

There were no pending show cause notices as on 31<sup>st</sup> March 2020.

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

### Principle 7: Responsible Policy Advocacy

Businesses, when engaged in influencing public and regulatory policy, will do so in a responsible manner.

01. Is the Company a member of any trade chamber or association?

The Company is a member of various associations such as:

- i) Automotive Component Manufacturers Association
- ii) Confederation of Indian Industry
- iii) The Institute of Indian Foundry Men
- iv) Tamil Nadu Electricity Consumer Association
- v) Andhra Chamber of Commerce
- vi) Madras Management Association
- vii) Indo-American Chamber of Commerce

02. Has the Company advocated / lobbied through above associations for advancement or improvement of public good? If so, which are the broad areas?

The Company works with the trade associations from time to time for advancement or improvement of public good. For example, it worked with such associations and on its own for promoting energy efficiency, environmental protection and promoting MSMEs.

### Principle 8: Equitable Development

Businesses will support inclusive growth and equitable development.

01. Does the Company have specified programs / projects / initiatives in pursuit of the Policy related to equitable development? If so, what are the details thereof?

The Company has 6 programs, namely, Education, Empowerment, Health, Relief, Conservation and Infrastructure in support of inclusive growth and equitable development. Serving the society is embedded in its working since its inception.

- The details of initiatives undertaken for such programs are given in the CSR Report.

02. Are the programs / projects undertaken through in-house teams / own foundation / external NGOs / Government structures / any other organisation?

The Company undertakes projects through in-house teams and NGOs and other selected agencies. We encourage all our employees to participate in CSR activities towards development of society.

03. Has the Company done any impact assessment of its initiatives?

Every initiative is monitored and reviewed for its effective implementation, quantitatively and qualitatively.

04. What is the direct contribution of the Company towards community development in terms of amount (in ₹) and what are the details of the projects / initiatives undertaken?

The direct contribution of the Company was ₹ 110.22 Lakhs (2019-20); details of the projects / initiatives undertaken are mentioned in the CSR Report.

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

05. Has the Company taken steps to ensure that community development projects / initiatives are successfully adopted by the community?

The Company identifies and implements projects along with the beneficiaries to ensure their successful adoption. Wherever we implement our other CSR projects, we monitor and ensure that the local community successfully adopts the same.

### **Principle 9: Value to the Customers**

Businesses will engage with and provide value to their customers in a responsible manner.

01. What percentage of customer complaints / consumer cases are pending as on 31<sup>st</sup> March 2020?

Around 10%.

02. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company provides test/quality certificates along with the product.

Any additional information required is provided to the customers.

03. Is there any case filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last 5 years and pending as on 31<sup>st</sup> March 2020?

No cases were filed by any Stakeholder against the Company for the above reasons.

04. Did the Company carry out any consumer survey / satisfaction trends?

The Company undertakes customer satisfaction surveys periodically. The feedback received is compiled and analysed to improve the performance of the company.

**ANNEXURE D TO THE BOARD'S REPORT**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**For the Financial Year Ended 31<sup>st</sup> March 2020**

[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] and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To THE BOARD OF DIRECTORS OF  
M/s NELCAST LIMITED**  
34, Industrial Estate, Gudur,  
Andhra Pradesh - 524101

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 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the 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 my opinion, the Company has, during the audit period from 01.04.2019 to 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board - 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 ("The Company") for the period from 01.04.2019 to 31.03.2020 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; (Not Applicable to the company during audit period)
    - d. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the audit period)

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

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period).
- 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 (Not applicable to the Company during the audit period)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the audit period).
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The Payment of Wages Act, 1936
- vii. The Minimum Wages Act, 1948
- viii. Employees Provident Fund And Misc. Provisions Act, 1952
- ix. Employees State Insurance Act, 1948
- x. Payment of Gratuity Act, 1972
- xi. Employee's Compensation Act, 1923
- xii. Contract Labour (Regulation & Abolition ) Act, 1970
- xiii. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xiv. Income Tax Act, 1961
- xv. GST Acts and Rules made thereunder
- xvi. The Insurance Act, 1938, as amended
- xvii. The Factories Act, 1948 and Andhra Pradesh Factories Rules, 1980
- xviii. Water (Prevention & Control of Pollution) Act, 1974 and rules there under
- xix. Air (Prevention & Control of Pollution) Act, 1981 and rules there under
- xx. The Environment (Protection) Act, 1986
- xxi. Hazardous and Other Wastes (Management & Trans boundary Movement) Rules, 2016
- xxii. Customs Act, 1962
- xxiii. Newspaper Publications
- xxiv. The Boilers Act, 1923 and Indian Boilers Regulations, 1950
- xxv. The Petroleum Act, 1934 and Petroleum Rules, 2002
- xxvi. The Payment of Bonus (Amendment) Act, 2015
- xxvii. Electricity Act, 2003
- xxviii. Weekly Holidays Act, 1942
- xxix. The Industrial Employment (Standing Orders) Act, 1946
- xxx. The Tamil Nadu Factory Rules, 1950
- xxxi. The Tamil Nadu Labour Welfare Fund Act
- xxxii. The Apprentices Act, 1961
- xxxiii. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

2. I have also examined compliance with the applicable clauses of
  - i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - ii) the Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.
3. We further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:
  - 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;
  - 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;
  - Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
  - Appointment and remuneration of Statutory Auditor, Cost Auditor and Secretarial Auditor;
  - Borrowings and registration, modification and satisfaction of charges wherever applicable;
  - 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 Standards (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 Senior Management;
  - 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;
  - 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;



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

- 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;
4. We further report that there was no prosecution initiated and no fines or penalties were imposed during the period under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed there under against the Company or its Directors and Officers.
5. We Further Report That:
- The Company is paying wages to all employees as per the provisions of Minimum Wages Act, 1948 and The Payment of Wages Act, 1936.
  - The company is regular in payment of gratuity as per the rules of the Payment of Gratuity Act, 1972 and has provided 100% provision in the books of accounts.
  - The Company has filed return as per the Factories Act, 1948.
  - The company is regular in publishing Audited and Unaudited Financial Results.
  - The Company has renewed the Insurance Policy under Employees State Insurance Act, 1948.
  - The Company has filed return under Employment Exchange Act/Rules.
  - The Company is paying bonus to all employees as per the provisions of the Payment of Bonus (Amendment) Act, 2015.
  - The Company is regular in paying all statutory dues like PF, ESI, Goods and Services Tax, Income Tax etc.,
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;

**Important Note:** Due to Covid-19 pandemic, Secretarial Audit for this financial year ended 31<sup>st</sup> March 2020 was conducted through exchange of e-mails and using technology on sample basis. Since, visiting of Company's Factories was not possible due to the current pandemic situation, we have taken Certificate of compliance from the respective plant heads of the Company.

Place: Hyderabad  
Date : 19<sup>th</sup> June 2020

**For L.D. Reddy & Co.,**  
**Company Secretaries**  
**L. Dhanamjaya Reddy**  
**(Proprietor)**  
**CP No.: 3752**  
**UDIN : A013104B000357921**

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

**ANNEXURE**

**To THE BOARD OF DIRECTORS OF  
M/s NELCAST LIMITED**  
34, Industrial Estate, Gudur,  
Andhra Pradesh - 524101

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
2. We have followed the audit practices and processes as appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the information and relevant documents including representation given by the management about the compliance of laws, rules and regulations and happening of events etc.
5. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the company efficiency of effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date : 19<sup>th</sup> June 2020

**For L.D. Reddy & Co.,  
Company Secretaries  
L. Dhanamjaya Reddy  
(Proprietor)  
CP No.: 3752**

**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 2020**

[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 - 400072  
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**

Sl. No	NAME AND ADDRESS of the Company	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	
	<b>A. Promoters</b>									
(1)	<b>Indian</b>									
	(a) Individual/HUF	48855566	-	48855566	56.155	48946763	-	48946763	56.260	0.105
	(b) Central Government	-	-	-	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-	-	-	-
	(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(f) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1):</b>	<b>48855566</b>	<b>-</b>	<b>48855566</b>	<b>56.155</b>	<b>48946763</b>	<b>-</b>	<b>48946763</b>	<b>56.260</b>	<b>0.105</b>
(2)	<b>Foreign</b>									
	(a) NRIs/Foreign Individuals	16154249	-	16154249	18.568	16154249	-	16154249	18.568	-
	(b) Other Individuals	-	-	-	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
	(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
	(e) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2):</b>	<b>16154249</b>	<b>-</b>	<b>16154249</b>	<b>18.568</b>	<b>16154249</b>	<b>-</b>	<b>16154249</b>	<b>18.568</b>	<b>-</b>
	<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>65009815</b>	<b>-</b>	<b>65009815</b>	<b>74.723</b>	<b>65101012</b>	<b>-</b>	<b>65101012</b>	<b>74.828</b>	<b>0.105</b>
	<b>B. Public Shareholding Institutions</b>									
(1)	(a) Mutual Funds	-	-	-	-	-	-	-	-	-
	(b) Banks/Financial Institutions	39420	-	39420	0.045	44647	-	44647	0.051	0.006
	(c) Central Government	-	-	-	-	-	-	-	-	-
	(d) State Government(s)	-	-	-	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(f) Insurance Companies	-	-	-	-	-	-	-	-	-
	(g) Foreign Institutional Investors / Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	(i) Trusts	-	-	-	-	-	-	-	-	-
	(j) Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1):</b>	<b>39420</b>	<b>-</b>	<b>39420</b>	<b>0.045</b>	<b>44647</b>	<b>-</b>	<b>44647</b>	<b>0.051</b>	<b>0.006</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	2974728	-	2974728	3.419	2609128	-	2609128	2.999	(0.420)
	(ii) Overseas	-	-	-	-	-	-	-	-	-
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	9101884	15	9101899	10.462	9797518	15	9797533	11.261	0.800
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3351345	-	3351345	3.852	5167449	-	5167449	5.940	2.087
	(c) Others									
	(i) Clearing Member	171973	-	171973	0.198	217434	-	217434	0.250	0.052
	(ii) Director or Director's Relatives	3316793	-	3316793	3.812	-	-	-	-	(3.812)
	(iii) Employees	3016	-	3016	0.003	3016	-	3016	0.003	-
	(iv) NRIs	438377	-	438377	0.504	529234	-	529234	0.608	0.104
	(v) IEPF	12681	-	12681	0.015	42187	-	42187	0.048	0.034
	(vi) Trusts	2581153	-	2581153	2.967	2581153	-	2581153	2.967	-
	(vii) HUF	-	-	-	-	908407	-	908407	1.044	1.044
	(d) Foreign Collaborators	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2):</b>	<b>21951950</b>	<b>15</b>	<b>21951965</b>	<b>25.232</b>	<b>21855526</b>	<b>15</b>	<b>21855541</b>	<b>25.121</b>	<b>(0.111)</b>
	<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>21991370</b>	<b>15</b>	<b>21991385</b>	<b>25.277</b>	<b>21900173</b>	<b>15</b>	<b>21900188</b>	<b>25.172</b>	<b>(0.105)</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	<b>Grand Total (A+B+C)</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>-</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	34363803	39.498	0	34455000	39.603	0	0.105
2	P. Deepak (HUF)	14491763	16.657	0	14491763	16.657	0	0.000
3	P. Divya	16154249	18.568	0	16154249	18.568	0	0.000
	<b>Total</b>	<b>65009815</b>	<b>74.723</b>	<b>0</b>	<b>65101012</b>	<b>74.828</b>	<b>0</b>	<b>0.105</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	34363803	39.498	34363803	39.498
	At the end of the year			34455000	39.603
2	P. Deepak (HUF)				
	At the beginning of the year	14491763	16.657	14491763	16.657
	At the end of the year			14491763	16.657
3	P. Divya				
	At the beginning of the year	16154249	18.568	16154249	18.568
	At the end of the year			16154249	18.568

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

Sl. No.	Name of the Shareholder	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	2533488	2.912	2533488	2.912
	Add: Purchases during the year	0	-	2533488	2.912
	(Less): Sales during the year	0	-	2533488	2.912
	At the end of the year			2533488	2.912
2	<b>P VEENA</b>				
	At the beginning of the year	1231075	1.415	1231075	1.415
	Add: Purchases during the year	1032215	1.186	2263290	2.601
	(Less): Sales during the year	0	-	2263290	2.601
	At the end of the year			2263290	2.601
3	<b>HEALTHY INVESTMENTS LTD</b>				
	At the beginning of the year	1115745	1.282	1115745	1.282
	Add: Purchases during the year	0	-	1115745	1.282
	(Less): Sales during the year	0	-	1115745	1.282
	At the end of the year			1115745	1.282

**ANNEXURE E TO THE 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	1085718 1391 0	1.248 0.002 -	1085718 1087109 1087109 1087109	1.248 1.250 1.250 1.250
5	<b>BHUPESH KUMAR LODHA AND SONS HUF</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	390000 0 -75000	0.448 - (0.086)	390000 390000 315000 315000	0.448 0.448 0.362 0.362
6	<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	446400 0 -158100	0.513 - (0.182)	446400 446400 288300 288300	0.513 0.513 0.331 0.331
7	<b>PORTON INVESTMENTS LLP</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	286099 0 0	0.329 - -	286099 286099 286099 286099	0.329 0.329 0.329 0.329
8	<b>KOMMAREDDI JAYASHREE</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	250000 0 0	0.287 - -	250000 250000 250000 250000	0.287 0.287 0.287 0.287
9	<b>Y SANJEEVA REDDY</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	250000 0 0	0.287 - -	250000 250000 250000 250000	0.287 0.287 0.287 0.287
10	<b>UNIJOLLY INVESTMENTS COMPANY LTD</b> At the beginning of the year Add: Purchases during the year (Less): Sales during the year At the end of the year	214190 0 0	0.246 - -	214190 214190 214190 214190	0.246 0.246 0.246 0.246

**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	34363803	39.498	34363803	39.498
	At the end of the year			34455000	39.603
2	P. Deepak (HUF)				
	At the beginning of the year	14491763	16.657	14491763	16.657
	At the end of the year			14491763	16.657
3	P. Divya				
	At the beginning of the year	16154249	18.568	16154249	18.568
	At the end of the year			16154249	18.568
4	S.K. Sivakumar				
	At the beginning of the year	100	0.000	100	0.000
	At the end of the year			100	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	19978.55	-	-	19978.55
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>19978.55</b>	-	-	<b>19978.55</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2533.41	-	-	2533.41
• Reduction	-	-	-	-
<b>Net Change</b>	<b>2533.41</b>	-	-	<b>2533.41</b>
<b>Indebtedness at the end of in the financial year</b>				
(i) Principal Amount	22511.96	-	-	22511.96
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>22511.96</b>	-	-	<b>22511.96</b>



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

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

**A. Remuneration to Managing Director / Whole-time Director and / or Manager:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. P. Deepak Managing Director	Mr. P. Vijaya Bhaskar Reddy* Dy. Managing Director	Total
1.	Salary (a). Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b). Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c). Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	168.49 1.65 -	45.05 - -	213.54 1.65 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as a % of profit - others, specify	- -	- -	- -
5.	Others-Retirement Benefits	12.09	3.06	15.15
	<b>Total (A)</b>	<b>182.23</b>	<b>48.11</b>	<b>230.34</b>
	Ceiling as per the Act			<b>308.08</b>

\*demised on 24.11.2019

**B. Remuneration to Other Directors:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. D. Sessa Reddy	Mr. R. Mohan Reddy	Mr. A. Balasubramanian	Total
1.	Independent Directors: (a). Fees for attending Board / Committee Meetings (b). Commission (c). Others, specify	3.40 - -	3.40 - -	3.20 - -	10.00 - -
	<b>Total (B)</b>	<b>3.40</b>	<b>3.40</b>	<b>3.20</b>	<b>10.00</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>240.34</b>
	Overall Ceiling as per the Act				<b>338.89</b>

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

**C. Remuneration to Key Managerial Personnel Otherthan MD/ WTD:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mr. S.K. Sivakumar CFO & Company Secretary	Total
1.	Salary		
	(a). Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.77	40.77
	(b). Value of perquisites u/s 17(2) of the Income-tax Act, 1961	9.15	9.15
	(c). Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as a % of profit	-	-
	- others, specify	-	-
5.	Others-Retirement Benefits	7.15	7.15
	<b>Total (C)</b>	<b>57.07</b>	<b>57.07</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : Nil**

## ANNEXURE F TO THE BOARD'S REPORT

### CORPORATE SOCIAL RESPONSIBILITY

**For the Financial Year Ended 31<sup>st</sup> March 2020**

#### 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://nelcast.com/wp-content/uploads/2018/08/csr\\_policy\\_nelcast\\_ltd.pdf](http://nelcast.com/wp-content/uploads/2018/08/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. 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	5464.96
Prescribed CSR expenditure 2% of Average Net Profit of the last three financial years	109.30

Details of CSR spent during the financial year 2019-20:

Particulars	₹ in Lakhs
Total amount spent during the year	110.22
Amount unspent, if any	Nil

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

**5. Manner in which the amount spent during the financial year 2019-20 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	4.14	4.14	Direct
2	Vocational training to unemployed youth, school dropouts, placement linked skills development training to unemployed youth Vocational Training	Vocational Training	Gudur & Ponneri	42.68	42.68	Direct
3	Health Camps, Medical help to Underprivileged, Malnutrition reduction etc.,	Healthcare	Gudur & Ponneri	48.92	48.92	Direct
4	Contribution towards Remote area development	Infrastructure Development	Gudur & Ponneri	4.10	4.10	Direct
5	Providing safe drinking water to community	Sanitation Drinking Water	Gudur	10.38	10.38	Direct
6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.			Not Applicable			
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR activities is in compliance with CSR objectives and Policy of the Company.			The implementation and monitoring of the CSR activities is in compliance with CSR objectives and Policy of the Company.			

Place: Chennai  
Date : 19<sup>th</sup> June 2020

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

## ANNEXURE G 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 efforts to develop new products for new applications to Commercial Vehicle, Tractor and Construction Equipment 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 more than 20 new components for these segments. The Company also developed new products for other engineering 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.

#### **2. Benefits derived from R & D activities:**

- (a) Improved market penetration of new platforms and models creating critical momentum for further growth.
- (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.

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

**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.
- (v) To co-develop components closely with our customers to improve product performance & manufacturability.

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

**₹ in Lakhs**

Capital expenditure	:	-
Revenue expenditure	:	<u>725.43</u>
<b>Total</b>	:	<b><u>725.43</u></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	:	₹ 2846.86 Lakhs
Total Foreign Exchange Earned	:	₹ 11080.11 Lakhs

Place: Chennai  
Date : 19<sup>th</sup> June 2020

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

## REPORT ON CORPORATE GOVERNANCE

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

The fundamental principle of Corporate Governance is achieving sustained growth ethically and in the best interest of all stakeholders. The Company has a strong legacy of fair, transparent and ethical governance practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. The Company always believes to achieve optimum performance at all levels in adopting good corporate performance. As a good corporate citizen, the Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. 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 is the highest governance authority within the management structure of the Company. The Board provides leadership and strategic guidance on the affairs of the Company. The Board of Directors of the Company is totally committed to the best practices for effective Corporate Governance. The Board of Directors of the Company has an optimum combination of executive and non-executive directors having rich knowledge and experience in general corporate management, finance and other allied fields for providing guidance and direction to the Company. The Board reviews strategic business plans, budgets, setting up goals and evaluation performance and investment decision and other matters as specified in SEBI LODR.

#### **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]. Total Directorships held by the Directors are within the limits prescribed under Section 165 of the Companies Act, 2013 read with Regulation 17A of SEBI LODR.

The Board comprises of one executive director 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. The Independent Directors fulfill the conditions specified in the regulations and are independent of the Management. Mr. P. Deepak and Ms. P. Divya are related to each other. There is no inter-se relationship among the other Directors of the Company.

#### **Independent Directors**

In accordance with Section 149(7) of the Act, 2013, all Independence Directors have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

#### **Appointment / Re-appointment of Directors**

In terms of Regulation 36(3) of the Listing Regulations a brief resume of director proposed to be appointed / re-appointed, nature of their expertise, other directorships and committee memberships, shareholdings and relationships, if any, with other directors are provided in the notice convening AGM of the Company.

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### Board Meetings:

During the financial year, meetings of the Board of Directors were held on 27<sup>th</sup> May 2019, 31<sup>st</sup> July 2019, 8<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

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

Name of the Director	Category in the Company	Board Meetings	Annual General Meeting
Mr. D. Sessa Reddy	Chairman, Non-Executive & Independent	4	Attended
Mr. R. Mohan Reddy	Non-Executive & Independent	4	Attended
Mr. A. Balasubramanian	Non-Executive & Independent	4	Attended
Mr. P. Deepak	Executive Director & Promoter	4	Attended
Ms. P. Divya	Non - Executive & Promoter	4	Attended
Mr. P. Vijaya Bhaskar Reddy*	Executive Director	2	Attended

\*demised on 24<sup>th</sup> November 2019.

Directors' Membership as on 31<sup>st</sup> March 2020 in other Boards or Committees thereof:

Name of the Director	Other Boards	Other Board Committees	Directorship in other Listed Entities		
			Number of Listed Entity	Name of the Listed Entity	Category of Directorship in the Listed Entity
Mr. D. Sessa Reddy	2	1	-	-	-
Mr. R. Mohan Reddy	3	5	1	Lokesh Machines Limited	Independent Director
Mr. A. Balasubramanian	1	2	1	Butterfly Gandhimathi Appliances Limited	Independent Director
Mr. P. Deepak	2	None	-	-	-
Ms. P. Divya	3	1	-	-	-



## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

The Board of Directors has, based on the recommendations of the Nomination and Remuneration Committee ('NRC'), identified the following core skills/ expertise/ competencies of Directors as required in the context of business of the Company for its effective functioning: The Board as a whole possesses the identified skills, expertise and competencies as are required in the context of business of the Company. These are presented as a matrix below:

Areas/Fields	Skills/Competence/Expertise
Financial Management	Proficiency in Financial Management, Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls
Business Development	Understanding diverse business environments, with a broad perspective of global business opportunities
Sales and Marketing	Understanding Domestic and International automotive businesses
Leadership/Strategy	Leadership experience in managing companies and associations including general management, leadership roles in large businesses, with competencies around strategy development & implementation, business administration/ operations and people management.
Industry and Technology	Possessing industrial, technical and operational expertise and experience in foundry and emerging technologies and associations with industrial bodies and professional network.
Governance/Regulatory	Having insight into maintaining effective Board and Management relationship, Protecting Stakeholders Interest/ Strong expertise and experience in regulatory compliance.

In terms of the requirement of the SEBI Listing Regulations, the individual skills, experience, competency and expertise of each of the Directors of the Company is mapped to the core skills/ expertise/competencies of the Directors already identified by the Board, as furnished above, in the context of the Company's business for effective functioning and as available with the Board:

SKILLS / EXPERTISE / COMPETENCIES IDENTIFIED						
Name of the Director	Financial Management	Business Development	Sales and Marketing	Leadership/ Strategy	Industry and Technology	Governance/ Regulatory
Mr. D. Sesha Reddy	✓	✓	✓	✓	✓	✓
Mr. R. Mohan Reddy	✓	✓	✓	✓	✓	✓
Mr. A. Balasubramanian	✓	✓	✓	✓	✓	✓
Mr. P. Deepak	✓	✓	✓	✓	✓	✓
Ms. P. Divya	✓	✓	✓	✓	✓	✓

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

### 3. AUDIT COMMITTEE

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

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Compliance with Accounting Standards and changes in accounting policies and practices.
- Review of Quarterly results, Annual Financial Statements of the Company and auditor's report thereon before submission to the board for approval.
- Review of the Company's accounting policies, internal accounting and financial controls, risk management policies and such other matters.
- 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 risk management policies and practices.
- Evaluate internal financial controls and risk management systems.
- 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 is chaired by Mr. A. Balasubramanian (Independent Director), and its members include Mr. R. Mohan Reddy (Independent Director), Mr. D. Sessa Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director). The meetings were held on 27<sup>th</sup> May 2019, 31<sup>st</sup> July 2019, 8<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

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*	2

\*demised on 24th November 2019.

### 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. During the year under review, three meetings of the Nomination and Remuneration Committee were held on 27<sup>th</sup> May 2019, 8<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

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;
- Recommend to the Board the setup and composition of the Board, including formulation of the criteria for determining qualifications, positive attributes and independence of a Director;
- Support the Board in matters related to the setup, review and refresh of the Committee;
- 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, and Ms. P. Divya, Members. There was one meeting held on 27<sup>th</sup> May 2019. The committee formulates and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The committee also monitors and reviews the CSR policy periodically and attends to such other matters and functions as may be prescribed from time to time.

### **6. RISK MANAGEMENT POLICY**

The Company has in place a policy on risk assessment and minimization procedure to reduce or prevent undesirable incidents or unexpected loss. The policy is reviewed periodically.

### **7. INDEPENDENT DIRECTORS MEETING**

During the year under review, the Independent Directors met on 11<sup>th</sup> February 2020, inter alia, to discuss:

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

All the independent Directors were present at the meeting;

### **8. FAMILIARISATION PROGRAMME**

The Company follows a structured orientation and familiarisation programme through various reports/codes/internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. The Company also has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

Company, its operations and business model, nature of the industry and environment in which it operates, the regulatory environment applicable to it, the CSR projects undertaken by the Company and the roles, rights and responsibilities of Independent Directors. The induction programme includes plant visit for detailed understanding of manufacturing process of the company. The details of familiarisation programme have been posted in the website of the Company [www.nelcast.com](http://www.nelcast.com).

### 9. PARTICULARS OF SITTING FEE / REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2019-20

Particulars of Sitting Fee paid to Non-Executive Directors:

Name of the Non-Executive Directors	Sitting Fee (₹)
Mr. D. Sessa Reddy	3,40,000
Mr. R. Mohan Reddy	3,40,000
Mr. A. Balasubramanian	3,20,000

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

Details	Managing Director (₹)	Whole-Time Director (₹)
Remuneration	1,82,22,634	48,11,602

#### Pecuniary transactions with Non-Executive Directors

There are no pecuniary transactions with Non-Executive Directors during the Financial Year.

### 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. Deepak (Non-Independent Director), Members. The Company Secretary is the Compliance Officer of the committee. During the year the committee met on 8th November 2019.

#### Number of pending share transfers:

As on 31<sup>st</sup> March 2020, 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

Chief Financial Officer & Company Secretary  
159, TTK Road, Alwarpet, Chennai - 600 018  
Ph: 044-24983111 Fax: 044-24982111  
E-mail: [sivakumar@nelcast.com](mailto:sivakumar@nelcast.com)

Number of Shareholder complaints received & resolved during the year 2019-20: Nil

No. of pending complaints as on 31<sup>st</sup> March 2020: - 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
2018-19	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	01.08.2019	11.00 AM
2017-18	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	13.08.2018	11.00 AM
2016-17	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	03.08.2017	11.00 AM

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

Year	Subject Matter of Special Resolution	Date of AGM
2018-19	Re-appointment of Mr. D. Sessa Reddy as an Independent Director, Mr. R. Mohan Reddy as an Independent Director and Mr. A. Balasubramanian as an Independent Director and Further Issue of Securities	01.08.2019
2017-18	Increase in borrowing limits of the Company, Increase in limits for creation of charges on the assets of the Company, Adoption of new Memorandum of Association of the Company, Adoption of new Articles of Association of the Company and Further Issue of Securities	13.08.2018
2016-17	- Nil -	03.08.2017

**iii. Postal Ballot: - Nil -**

**12. 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's website [www.nelcast.com](http://www.nelcast.com)

**13. DISCLOSURE OF ACCOUNTING TREATMENT**

The financial statements for the year 2019-20 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.)

### 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: 27 <sup>th</sup> August 2020 & 3.30 PM. Through Video Conferencing & Other Audio Visual Means	
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 2020 - 2<sup>nd</sup> week of August 2020.</li> <li>• Results for the quarter and half year ending 30<sup>th</sup> Sep 2020 - 2<sup>nd</sup> week of November 2020.</li> <li>• Results for the quarter and nine months ending 31<sup>st</sup> Dec 2020 - 2<sup>nd</sup> week of February 2021.</li> <li>• Results for the year ending 31<sup>st</sup> March 2021 - by May 2021.</li> </ul>	
Date of Book Closure	21 <sup>st</sup> August 2020 to 27 <sup>th</sup> August 2020 (both days inclusive)	
Dividend	Nil	
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 2020-21.	
Credit Rating	On 5 <sup>th</sup> December 2019 ICRA has revised the credit rating as ICRA A+/Negative (from ICRA A+/Stable) for long term fund and ICRA A1 (from ICRA A1+) for short term fund based facilities.	

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

**Market price data: High, Low during each month in the financial year 2019-20:**

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr'19	80.60	68.20	79.70	70.10
May'19	73.00	61.50	72.00	62.00
Jun'19	62.50	44.25	64.20	44.40
Jul'19	51.25	36.05	51.95	35.30
Aug'19	42.00	33.10	43.00	31.30
Sep'19	52.00	37.55	51.80	37.55
Oct'19	45.75	34.00	46.00	35.20
Nov'19	56.55	38.55	56.75	38.40
Dec'19	57.70	47.45	58.00	47.10
Jan'20	62.45	49.20	62.40	49.05
Feb'20	53.80	34.20	53.85	33.30
Mar'20	38.10	23.50	37.75	23.20

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

Month	BSE		BSE Sensex	
	High (₹)	Low (₹)	High	Low
Apr'19	80.60	68.20	39487.45	38460.25
May'19	73.00	61.50	40124.96	36956.10
Jun'19	62.50	44.25	40312.07	38870.96
Jul'19	51.25	36.05	40032.41	37128.26
Aug'19	42.00	33.10	37807.55	36102.35
Sep'19	52.00	37.55	39441.12	35987.80
Oct'19	45.75	34.00	40392.22	37415.83
Nov'19	56.55	38.55	41163.79	40014.23
Dec'19	57.70	47.45	41809.96	40135.37
Jan'20	62.45	49.20	42273.87	40476.55
Feb'20	53.80	34.20	41709.30	38219.97
Mar'20	38.10	23.50	39083.17	25638.90

## 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 2020:

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares	% of Share holding
1 - 500	18044	82.62	2963208	3.41
501 - 1000	2180	9.98	1771101	2.04
1001 - 2000	846	3.87	1298142	1.49
2001 - 3000	281	1.29	718571	0.83
3001 - 4000	111	0.51	401752	0.46
4001 - 5000	100	0.45	478294	0.54
5001 - 10000	150	0.69	1122500	1.29
10001 and above	128	0.59	78247632	89.94
<b>Total</b>	<b>21840</b>	<b>100.00</b>	<b>87001200</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2020:

Category	No. of Shares held	% to Total
Promoter & Promoter Group	65101012	74.83
Bodies Corporate	2609128	3.00
Individuals	14964982	17.20
HUF	908407	1.04
Clearing Members	217434	0.25
Trust	2581153	2.97
Foreign Individuals/NRI	529234	0.61
Employees	3016	0.00
IEPF Authority	42187	0.05
Financial Institutions/Banks	44647	0.05
<b>Total</b>	<b>87001200</b>	<b>100.00</b>



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

**Equity shares held by the Non - executive Directors :**

No.	Name	Number of Shares
1	Mr. D. Shesha Reddy	Nil
2	Mr. R. Mohan Reddy	Nil
3	Mr. A. Balasubramanian	Nil
4	Ms. P. Divya	16154249

**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 2020.

**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. OTHER DISCLOSURES**

- i. The related party transactions during the financial year 2019-20 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. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company.
- ii. There were neither non-compliance by the Company nor 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.

## REPORT ON CORPORATE GOVERNANCE - (Contd.)

- iii. Whistle blower mechanism:  
The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, 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.
- iv. There is no non-compliance of any of the Corporate Governance report as required under SEBI LODR.
- v. The necessary disclosures of compliance with Corporate Governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI LODR are complied.
- vi. The Company complied with all mandatory requirements.
- vii. 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. The details of familiarization program imparted to Independent Directors are hosted on the website of the Company, [www.nelcast.com](http://www.nelcast.com). 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.
- viii. The Related Party Transaction Policy is posted on the website of the Company [www.nelcast.com](http://www.nelcast.com).
- ix. Commodity price risk or foreign exchange risk and hedging activities:  
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 Company does not have any exposure hedged through Commodity derivatives.
- x. Certificate from Practicing Company Secretary:  
The Company has received a certificate from the Practicing Company Secretary that none of the directors of the Company have been debarred or disqualified from being appointed as Director by SEBI / MCA/ or any other statutory authority.
- xi. There was no instance of any non-acceptance by the Board of Directors of the recommendations of any Committee of the Board, where it is mandatorily required, during the financial year under review.
- xii. Fees paid to Statutory Auditor on a consolidated basis:  
During 2019-20, ₹ 13.00 Lakhs was paid by the Company and its subsidiary companies to the Statutory Auditors / entities in network firm / network entity of which the Statutory Auditors are a member.
- xiii. Sexual Harassment at workplace:  
During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

**16. NON-MANDATORY DISCLOSURES**

- 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.
- c. The financial statements of the Company are unmodified.
- d. Internal Auditor directly reports to the Audit Committee.

**17. FOLLOWING DIVIDENDS ARE TRANSFERABLE TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) ON THE RESPECTIVE DATES, AS UNDER, IN ACCORDANCE WITH THE PROVISIONS OF SECTION 124(5) OF THE COMPANIES ACT, 2013**

Nature of Dividend	Transferable to IEPF on	Amount as on 31.03.2020 in ₹
Final Dividend for FY 2012-13	30.08.2020	135153
Final Dividend for FY 2013-14	04.09.2021	158384
Final Dividend for FY 2014-15	04.09.2022	137270
Interim Dividend for FY 2015-16	14.04.2023	55138
Final Dividend for FY 2015-16	03.09.2023	57975
Final Dividend for FY 2016-17	01.09.2024	242138
Final Dividend for FY 2017-18	11.09.2025	247725
Final Dividend for FY 2018-19	30.08.2026	182025

**18. CEO/CFO CERTIFICATION**

Mr. P. Deepak, CEO & Managing Director and Mr. S.K. Sivakumar, CFO have submitted a certificate to the Board regarding the financial statements and other matters required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**19. 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 & 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 : 19<sup>th</sup> June 2020

**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 2020 stipulated in Chapter IV of SEBI (Listing Obligations & 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 & 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: Hyderabad**

**Date : 19<sup>th</sup> June 2020**

**UDIN: 20024344AAAAOK8666**

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Domestic Medium & Heavy Commercial Vehicle industry registered a negative growth of about 45% due to slow down in the economy and various new regulations. Due to delay in onset of the monsoon, flooding in several areas and negative sentiment, the Tractor industry registered a negative growth of about 11% in the year. However, despite the delay in onset, the monsoon was an excellent monsoon and supported by increased Minimum Support Prices (MSP), farm sector reforms, credit availability and strong rural sentiment, the tractor industry is expected to have a strong rebound in 2020-21. The recovery in the Commercial Vehicle industry is expected to be muted due to the implementation of new Bharat Stage VI emission norms, Covid-19 lockdowns reducing demand and delay in the rebound of the economy. However, if the government infrastructure spending picks up or if a well incentivised vehicle scrapping policy is implemented, this could spur the sector forward and accelerate the recovery.

### 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. Volatility and seasonality have a significant impact on capacity utilisations in the industry which would result in stiff price competition during lean periods like the current slowdown. 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

While the operations of the Company and our customers were disrupted as a result of the various lockdown restrictions implemented by the Central and State governments starting from 22<sup>nd</sup> March 2020 and the overall market environment is quite uncertain due to continuing across the country and the world, the tractor and export demand appear to be quite strong for the Company as we have emerged from the worst of the lockdown and should drive the recovery of the company from the lockdown. In the upcoming year, the Company is also in the final stages of developing several new products used in BSVI Commercial vehicles, new models of Tractors, Off-Highway Vehicles and Exports. These new products will form a backbone for long-term growth for the Company.

### RISKS AND CONCERNS

#### Economy and Market Risk:

There are possible risks on the horizon, both global and domestic. Economic recession gripped global economy following the lockdown due to the Covid-19 pandemic. 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. The global automotive industry is also amidst experiencing the situation of a cyclical slowdown complicated further by the impact of Covid-19. However, the Company has been developing its exports and products in other segments viz. off-highway, railways etc. to counter this risk.

## MANAGEMENT DISCUSSION AND ANALYSIS - (Contd.)

### **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 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 of debt and internal cash accruals. The Company has endeavoured to manage the working capital requirements to reduce the overall interest cost.

### **Capacity Expansion:**

The Company is in the final stages of setting up the second phase of expansion at Pedapariya in Andhra Pradesh. 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.

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

Internal control systems in the organization are looked at as the key to its effective functioning. 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 as prescribed under the regulations 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.

### **Internal Financial Control**

The Company has an established Internal Financial Control framework including internal controls over financial reporting and operating controls. The framework is reviewed regularly and tested by the internal audit team. The Company's business processes are enabled by the ERP for monitoring and reporting process resulting in financial discipline and accountability.

### **OVERVIEW**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and 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.

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

During the year, the Company recorded Revenue from Operations by way of Net Sales of ₹ 566.76 Crores as against ₹ 856.27 Crores in 2018-19, a reduction of about 34%. Our Exports business registered a growth of 25% compared with previous year and stood at ₹ 112.43 Crores. Profit After Tax made during the year is ₹ 36.01 Crores as against ₹ 38.44 Crores in 2018-19. The production during the year was 52175 MT, compared to the previous year's 92533 MT.

## MANAGEMENT DISCUSSION AND ANALYSIS - (Contd.)

### KEY FINANCIAL RATIOS

Sl. No.	Particulars	2019-20	2018-19
(i)	Debtors Turnover Ratio (months)	2.47	1.67
(ii)	Inventory Turnover Ratio (months)	2.86	1.77
(iii)	Interest Coverage Ratio	4.24	9.71
(iv)	Current Ratio	1.67	1.43
(v)	Debt Equity Ratio	0.50	0.43
(vi)	Operating Profit Margin (%)	10.30	9.53
(vii)	Net Profit Margin (%)	6.24	4.46
(viii)	Return on Net Worth (%)	8.57	9.73

- The change in Debtors Turnover Ratio and Inventory Turnover Ratio is due to reduction in sales. The sales have been impacted due to slowdown in the auto industry.
- Interest coverage ratio was at 4.24 compared to 9.71 of previous year. The change is due to higher borrowings for the expansion project and reduction in profits.
- The change in Net Profit Margin Ratio is due to change in income tax rate which has resulted in reduction of Deferred Tax Liability.

### 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 cordial 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 2020, the employee strength of the Company was 1066.

### 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 FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying standalone financial statements of Nelcast Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

### **Management's Responsibility for the Standalone Financial Statements**

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in '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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Cash flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

(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".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) 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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on 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 Company.

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

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

**Place : Hyderabad**  
**Date : 19<sup>th</sup> June 2020**  
**UDIN: 20024344AAAAOL1203**

**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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020, WE REPORT THAT:**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment;
- (b) The Company has a policy of physically verifying its Property, Plant & Equipment 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 Property, Plant & Equipment 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 Act.
- iv. According to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March 2020 and therefore, the provisions of the clause 3 (v) of the Order is not applicable to the Company.
- 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 2020 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, duty of excise, 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 sales-tax and value added tax 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 Sales Tax	CST	15.34	2009-10	Commissioner, Appeals, Vizag
Value Added Tax	VAT	1.77	2016-17	Commissioner, (Appeals) (CT)

- 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 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 Act.
- xii. Clause 3 (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 Act, where ever applicable and the details have been disclosed in the Standalone financial Statements etc., as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, accordingly the provisions of clause 3 (xiv) of the Order is not applicable to the Company.
- 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, accordingly the provisions of clause 3 (xv) of the Order is not applicable to the Company.
- xvi. Clause 3 (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 : Hyderabad  
Date : 19<sup>th</sup> June 2020

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

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

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

We have audited the internal financial controls over financial reporting of Nelcast Limited ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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 Act.

#### **AUDITOR'S 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 Act, to the extent applicable to an audit of internal financial controls. 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 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 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 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 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 2020, 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 : Hyderabad**

**Date : 19<sup>th</sup> June 2020**

**STANDALONE BALANCE SHEET AS AT**

PARTICULARS	Note No.	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>I. ASSETS</b>			
<b>A Non-Current Assets</b>			
Property, Plant and Equipment	2(i)	27636.84	29068.27
Capital Work-in-Progress	-	15328.41	9071.06
Other Intangible Assets	2(ii)	63.39	79.34
Financial Assets:			
(i) Investments	3	3888.29	3892.13
Other Non-Current Assets	4	221.49	690.38
<b>Total Non-Current Assets</b>		<b><u>47138.42</u></b>	<b><u>42801.18</u></b>
<b>B Current Assets</b>			
Inventories	5	12814.35	14158.70
Financial Assets:			
(i) Trade Receivables	6	11262.37	12116.78
(ii) Cash and Cash Equivalents	7	4793.17	5857.19
(iii) Bank balances other than (ii) above	8	12.15	12.09
(iv) Other Financial Assets	9	1301.50	1853.85
Other Current Assets	10	631.90	1107.48
<b>Total Current Assets</b>		<b><u>30815.44</u></b>	<b><u>35106.09</u></b>
<b>Total Assets</b>		<b><u>77953.86</u></b>	<b><u>77907.27</u></b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
Equity Share Capital	11	1740.02	1740.02
Other Equity	12	40278.29	37774.97
<b>Total Equity</b>		<b><u>42018.31</u></b>	<b><u>39514.99</u></b>
<b>B Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	13	14100.81	9087.50
Deferred Tax Liabilities (Net)	14	3349.18	4692.96
<b>Total Non-Current Liabilities</b>		<b><u>17449.99</u></b>	<b><u>13780.46</u></b>
<b>2 Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	15	7086.15	7761.55
(ii) Trade Payables	16		
- Total outstanding dues of Micro & Small Enterprises		1156.27	662.12
- Total outstanding dues of Otherthan Micro & Small Enterprises		6901.77	9967.30
(iii) Other Financial Liabilities	17	1337.15	3141.59
Other Current Liabilities	18	1671.36	2610.18
Provisions	19	219.14	204.78
Current Tax Liabilities (Net)	20	113.72	264.30
<b>Total Current Liabilities</b>		<b><u>18485.56</u></b>	<b><u>24611.82</u></b>
<b>Total Liabilities</b>		<b><u>35935.55</u></b>	<b><u>38392.28</u></b>
<b>Total Equity and Liabilities</b>		<b><u>77953.86</u></b>	<b><u>77907.27</u></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 and on behalf of the Board*

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

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**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

Place : Chennai  
Date : 19<sup>th</sup> June 2020



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

PARTICULARS	Note No.	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>Income:</b>			
I Revenue from Operations	21	56675.66	85626.71
II Other Income	22	1057.91	594.03
III <b>Total Income (I+II)</b>		<b>57733.57</b>	<b>86220.74</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	23	22263.34	44721.53
Changes in Inventories of Finished Goods & Work-in-Progress	24	1767.60	-4858.55
Employee Benefits Expense	25	4679.02	5175.73
Finance Costs	26	949.81	662.88
Depreciation & Amortisation Expense	27	1853.31	1747.07
Other Expenses	28	23139.72	33000.46
<b>Total Expenses</b>		<b>54652.80</b>	<b>80449.12</b>
V <b>Profit Before Exceptional Items and Tax (III-IV)</b>		<b>3080.77</b>	<b>5771.62</b>
VI Exceptional Items		-	-
VII <b>Profit before Tax (V-VI)</b>		<b>3080.77</b>	<b>5771.62</b>
<b>VIII Tax Expenses:</b>			
(1). Current Tax	29	807.78	1316.09
(2). Deffered Tax		-1327.52	611.45
		<b>-519.74</b>	<b>1927.54</b>
IX <b>Profit for the Period (VII-VIII)</b>		<b>3600.51</b>	<b>3844.08</b>
<b>X Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		64.60	38.46
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-16.26	-13.44
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>48.34</b>	<b>25.02</b>
XI <b>Total Comprehensive Income for the period (IX-X)</b>		<b>3552.17</b>	<b>3819.06</b>
<b>XII Earnings per Equity Share of ₹ 2/- each :</b>			
(1). Basic	30	4.14	4.42
(2). Diluted		4.14	4.42
<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 and on behalf of the Board**

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

Place : Chennai  
Date : 19<sup>th</sup> June 2020

## STANDALONE CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax</b>	<b>3080.77</b>	<b>5771.62</b>
Adjustments for:		
Depreciation & Amortisation Expense	1853.31	1747.07
Interest Income	-81.22	-97.81
(Profit)/Loss on sale of assets	-1.47	-1.15
(Profit)/Loss on sale of investments	-0.12	-0.09
Interest Paid	949.81	662.88
Un-realised forex (Gain)/Loss	-268.61	60.70
Remeasurement of Defined Benefit Plans	-64.60	-38.46
<b>Operating Profit before Working Capital Changes</b>	<b>5467.87</b>	<b>8104.76</b>
Adjustment for:		
Inventories	1344.35	-3042.54
Trade Receivables	1156.02	-453.64
Other Financial Assets	552.35	-269.17
Other Current Assets	475.58	659.09
Other Non-Current Assets	468.89	-13.50
Trade Payables	-2567.10	1188.58
Other Financial Liabilities	-1804.44	3128.17
Other Current Liabilities	-976.10	-647.36
Provisions	14.36	-18.60
Current Tax Liabilities	-150.58	145.52
<b>Cash generated from Operations</b>	<b>3981.20</b>	<b>8781.31</b>
Taxes Paid / Provision for Tax	-807.78	-1316.09
<b>Cash flow before Prior-period Items</b>	<b>3173.42</b>	<b>7465.22</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>TOTAL A</b> <b>3173.42</b>	<b>7465.22</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-405.74	-7088.18
Purchase of Other Intangible Assets	-1.51	-62.59
Sale of Property, Plant and Equipment	2.79	12.50
(Increase)/Decrease in Capital Work-In-Progress	-6257.35	-5481.53
(Increase)/Decrease in Investments	3.84	21.94
(Increase)/Decrease in Unpaid Dividend A/cs	-0.06	1.33
Profit on sale of Investments	0.12	0.09
Interest Income	81.22	97.81
<b>Net Cash from / (used in) in Investing Activities</b>	<b>TOTAL B</b> <b>-6576.69</b>	<b>-12498.63</b>

### STANDALONE CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Long-Term Borrowings	5013.31	6087.50
Issue of Share Capital	-	-
Interest paid	-949.81	-662.88
Dividend Paid (Including Dividend Tax)	-1048.85	-1048.85
<b>Net Cash from / (used in) Financing Activities      TOTAL C</b>	<b>3014.65</b>	<b>4375.77</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents A+B+C</b>	<b>-388.62</b>	<b>-657.64</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		
Cash and Bank Balances	5857.19	5535.52
Cash Credit Balance	-7761.55	-6782.24
	<b>-1904.36</b>	<b>-1246.72</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
Cash and Bank Balances	4793.17	5857.19
Cash Credit Balance	-7086.15	-7761.55
	<b>-2292.98</b>	<b>-1904.36</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 : Hyderabad  
Date : 19<sup>th</sup> June 2020

**For and on behalf of the Board**

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

Place : Chennai  
Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

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 2018	11	87001200	1740.02		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2019</b>	11	<b>87001200</b>	<b>1740.02</b>		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2020</b>	11	<b>87001200</b>	<b>1740.02</b>		
<b>II. Other Equity</b>					
	Note	Securities Premium Account	General Reserve	Retained Earnings	Total ₹ in Lakhs
Balance as at 1 <sup>st</sup> April 2018	12	8774.13	20000.00	6230.63	35004.76
Profit for the period		0.00	0.00	3844.08	3844.08
Other Comprehensive Income		0.00	0.00	-25.02	-25.02
Transfer (to) / from Reserves		0.00	2500.00	-2500.00	0.00
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		0.00	0.00	-1048.85	-1048.85
<b>Balance as at 31<sup>st</sup> March 2019</b>	12	<b>8774.13</b>	<b>22500.00</b>	<b>6500.84</b>	<b>37774.97</b>
Profit for the period		0.00	0.00	3600.51	3600.51
Other Comprehensive Income		0.00	0.00	-48.34	-48.34
Transfer (to) / from Reserves		0.00	0.00	0.00	0.00
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		0.00	0.00	-1048.85	-1048.85
<b>Balance as at 31<sup>st</sup> March 2020</b>	12	<b>8774.13</b>	<b>22500.00</b>	<b>9004.16</b>	<b>40278.29</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 : Hyderabad  
Date : 19<sup>th</sup> June 2020

**For and on behalf of the Board**

**D. Sessa Reddy**

Chairman  
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**A. Balasubramanian**

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DIN: 00490921

Place : Chennai  
Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

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 and Pedapariya in Andhra Pradesh, and at Ponneri in 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 Companies Act, 2013 (“the Act”), the Companies (Indian Accounting Standard) Rules, 2015 and other relevant provisions of the Act.

The 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.

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 twelve months for the purpose of current, non-current classification of assets and liabilities.

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1<sup>st</sup> April 2020.

#### 1.2 USE OF ESTIMATES

The preparation of the 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 financial statements are based on management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. The actual amounts may differ from the estimates used in the preparation of the financial statements and the difference between actual results and the estimates are recognised in the period in which the results are known / materialise.

#### 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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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 acquisition of property, plant and equipment is net of duty or tax credit availed and includes purchase cost or its construction cost, inward freight and other expenses incidental to acquisition or installation and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. Cost of spares relating to specific item of an asset is capitalized. For major projects, interest and other costs incurred on / related to borrowings attributable to such projects / fixed assets during construction period and related pre-operative expenses 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 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 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.

### **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.

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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 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 Company has applied Ind AS 116 'Leases' with effect from 1<sup>st</sup> April 2019 to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified retrospective method.

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.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For the short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

### 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. The geographical segments considered for disclosure based on location of its customers.

### 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.



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 1.15 REVENUE RECOGNITION

The Company has applied Ind AS 115 'Revenue from Contracts with Customers' with effect from 1<sup>st</sup> April 2018. The performance obligations under all sales contracts are satisfied at a point of time. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

**Sale of Goods:** The Company derives revenues primarily from sale of Iron Castings. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. 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:** Interest Income is recognised on effective interest method taking into account the amount outstanding and the rate applicable.

**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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 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 substantially 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.

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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 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.

### 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

### 2. PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS

Year ended 31<sup>st</sup> March 2020

(₹ in Lakhs)

Particulars	Gross Carrying Amount		Depreciation / Amortisation			Net Carrying Amount				
	As at 1 <sup>st</sup> April 2019	Additions	Disposals	As at 31 <sup>st</sup> March 2020	Upto 31 <sup>st</sup> March 2019	Charge during the year	Disposals	Upto 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>(i). Property, Plant &amp; Equip.</b>										
Freehold Land	3410.63	-	-	3410.63	-	-	-	-	3410.63	3410.63
Freehold Buildings	5866.32	9.69	1.83	5876.18	771.47	305.75	0.51	1076.71	4799.47	5096.85
Plant and Equipment	23914.95	383.92	-	24298.87	3586.04	1475.59	-	5061.63	19237.24	20328.91
Office Equipment	83.48	2.81	-	86.29	21.34	12.77	-	34.11	52.18	62.14
Vehicles	200.81	-	9.78	191.03	133.63	9.55	9.78	133.40	57.63	67.18
Furniture and Fittings	124.36	1.63	-	125.99	53.94	15.15	-	69.09	56.90	70.42
Computers	67.37	7.69	-	75.06	35.23	17.04	-	52.27	22.79	32.14
	33669.92	405.74	11.61	34064.05	4601.65	1835.85	10.29	6427.21	27636.84	29068.27
<b>(ii). Other Intangible Assets</b>										
Computer Software	126.24	1.51	-	127.75	46.90	17.46	-	64.36	63.39	79.34
<b>TOTAL</b>	<b>33796.16</b>	<b>407.25</b>	<b>11.61</b>	<b>34191.80</b>	<b>4648.55</b>	<b>1853.31</b>	<b>10.29</b>	<b>6491.57</b>	<b>27700.23</b>	<b>29147.61</b>

- Capital work-in-progress as on 31<sup>st</sup> March 2020: ₹ 15328.41 Lakhs (31<sup>st</sup> March 2019: ₹ 9071.06 Lakhs)
- Borrowing costs capitalized during the year for the assets held under Capital Work-in-progress is ₹ 1097.14 Lakhs (31<sup>st</sup> March 2019: ₹ 343.74 Lakhs)
- Details of security of property, plant and equipment subject to charge to secured borrowings is given in Note No. 32
- Details of capital expenditure on research and development is given in Note No. 36

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>3. INVESTMENTS</b>		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Subsidiaries :		
- <b>NC Energy Limited</b>	3860.00	3860.00
3,86,00,000 (P.Y. 3,86,00,000)		
Equity shares of ₹ 10/- each		
Others:		
- <b>Suzlon Engitech Ltd</b>	5.99	5.99
59,903 Equity shares of ₹ 10/- each		
- <b>OPG Power Generation Pvt Ltd</b>		
13,400 (P.Y. 38,100) Equity shares of ₹ 10/- each	1.53	4.24
- <b>Watsun Infrabuild Pvt Ltd</b>		
2,07,700 (P.Y. 2,00,000) Equity shares of ₹ 10/- each	20.77	20.00
- <b>Atria Wind Power Pvt Ltd</b>		
Nil (P.Y. 1,900) Equity shares of ₹ 100/- each	-	1.90
<b>Total</b>	<b>3888.29</b>	<b>3892.13</b>
<b>4. OTHER NON-CURRENT ASSETS</b>		
(Unsecured, Considered Good)		
Capital Advances	221.49	690.38
<b>Total</b>	<b>221.49</b>	<b>690.38</b>
<b>5. INVENTORIES</b>		
Raw Materials	2220.18	1521.85
Work-in-progress	3369.14	2894.67
Finished Goods	5351.94	7594.01
Stores and Spares	460.75	378.37
Loose Tools	1259.39	1563.30
Moulding Boxes & Patterns	152.95	206.50
<b>Total</b>	<b>12814.35</b>	<b>14158.70</b>
> Valued at lower of cost and net realisable value		
<b>6. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	11262.37	12116.78
<b>Total</b>	<b>11262.37</b>	<b>12116.78</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>7. CASH AND CASH EQUIVALENTS</b>		
Balances with Banks:		
- In Current Accounts	122.99	380.41
- Short Term Fixed Deposits	4665.51	5474.99
Cash on Hand	4.67	1.79
<b>Total</b>	<b>4793.17</b>	<b>5857.19</b>
<b>8. BANK BALANCES OTHER THAN (7) ABOVE</b>		
Unpaid Dividend Accounts	12.15	12.09
<b>Total</b>	<b>12.15</b>	<b>12.09</b>
<b>9. OTHER FINANCIAL ASSETS</b>		
Deposits with Govt. Authorities	1146.79	1541.34
Accrued Interest on Deposits	109.25	127.47
Export Incentives receivable	45.46	185.04
<b>Total</b>	<b>1301.50</b>	<b>1853.85</b>
<b>10. OTHER CURRENT ASSETS (Unsecured, Considered Good)</b>		
Balances with Govt. / Statutory Authorities	382.09	529.07
Prepaid Expenses	25.11	24.12
Rental Advance	66.00	66.00
Advances for Supplies & Services	149.39	476.99
Advances given to Employees	9.31	11.30
<b>Total</b>	<b>631.90</b>	<b>1107.48</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**11. EQUITY SHARE CAPITAL**

	Number of Shares	₹ in Lakhs
<b>Authorised:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2018</b>	125000000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2019</b>	125000000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2020</b>	125000000	2500.00
<b>Issued, Subscribed and Paidup:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2018</b>	87001200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2019</b>	87001200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2020</b>	87001200	1740.02
<b>Movements in Equity Share Capital:</b>		
<b>As at 1<sup>st</sup> April 2018</b>	87001200	1740.02
<b>As at 31<sup>st</sup> March 2019</b>	87001200	1740.02
<b>As at 31<sup>st</sup> March 2020</b>	87001200	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.

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

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of shares	%	No. of shares	%
P. Deepak	34455000	39.60	34363803	39.50
P. Deepak (HUF)	14491763	16.66	14491763	16.66
P. Divya	16154249	18.57	16154249	18.57
	<b>65101012</b>	<b>74.83</b>	<b>65009815</b>	<b>74.73</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>12. OTHER EQUITY</b>		
Securities Premium Account	8774.13	8774.13
General Reserve	22500.00	22500.00
Retained Earnings	9004.16	6500.84
<b>Total Reserves and Surplus</b>	<b>40278.29</b>	<b>37774.97</b>
Securities Premium Account		
Opening Balance	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>
General Reserve		
Opening Balance	22500.00	20000.00
Additions during the year	-	2500.00
(Deductions) / (Adjustments) during the year	-	-
<b>Closing Balance</b>	<b>22500.00</b>	<b>22500.00</b>
<b>Retained Earnings</b>		
Opening Balance	6500.84	6230.63
Total Comprehensive Income for the period	3552.17	3819.06
<b>Amount available for Appropriation</b>	<b>10053.01</b>	<b>10049.69</b>
<b>Appropriations:</b>		
- General Reserve	-	2500.00
- Dividend on Equity Shares	870.01	870.01
- Dividend Distribution Tax on above	178.84	178.84
<b>Closing Balance</b>	<b>9004.16</b>	<b>6500.84</b>
<b>13. BORROWINGS</b>		
Term Loan from Banks (Refer Note No.32)	14100.81	9087.50
<b>Total</b>	<b>14100.81</b>	<b>9087.50</b>
<b>14. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability :		
- Property, Plant and Equipment and Other Intangible Assets	3405.75	4735.77
Deferred Tax Asset :		
- Employee benefits	-56.57	-42.81
<b>Total</b>	<b>3349.18</b>	<b>4692.96</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>15. BORROWINGS</b>		
<b>Secured Loans Repayable on Demand to Banks:</b>		
- Working Capital Loans (Refer Note No.32)	7086.15	7761.55
<b>Total</b>	<b>7086.15</b>	<b>7761.55</b>
<b>16. TRADE PAYABLES</b>		
Trade Payables:		
Total outstanding dues of Micro and Small Enterprises (Refer Note No.38)	1156.27	662.12
Total outstanding dues of creditors other than Micro and Small Enterprises	6901.77	9967.30
<b>Total</b>	<b>8058.04</b>	<b>10629.42</b>
<b>17. OTHER FINANCIAL LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt:</b>		
- Term Loans from Banks (Refer Note No.32)	1325.00	1512.50
- Others : Buyers Credit	-	1617.00
Unpaid Dividends	12.15	12.09
<b>Total</b>	<b>1337.15</b>	<b>3141.59</b>
<b>18. OTHER CURRENT LIABILITIES</b>		
Statutory Dues	529.91	1263.80
Advances received from Customers	189.72	183.35
Outstanding Expenses	951.73	1163.03
<b>Total</b>	<b>1671.36</b>	<b>2610.18</b>
<b>19. PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity	53.06	40.13
- Bonus	166.08	164.65
<b>Total</b>	<b>219.14</b>	<b>204.78</b>
<b>20. CURRENT TAX LIABILITIES (NET)</b>		
Provision for Income Tax (Net)	113.72	264.30
<b>Total</b>	<b>113.72</b>	<b>264.30</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>21. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	56675.66	85626.71
<b>Total</b>	<b>56675.66</b>	<b>85626.71</b>
<b>22. OTHER INCOME</b>		
Interest Income	81.22	97.81
Gain on Foreign Currency Transaction (Net)	564.64	98.69
Gain on sale of assets	2.79	1.15
Gain on sale of investments	0.12	0.09
Export Incentive	409.14	396.29
<b>Total</b>	<b>1057.91</b>	<b>594.03</b>
<b>23. COST OF MATERIALS CONSUMED</b>		
Raw Materials at the beginning of the year	1521.85	3337.45
Add: Purchases	22961.67	42905.93
(Less): Raw Materials at the end of the year	-2220.18	-1521.85
<b>Cost of Materials Consumed</b>	<b>22263.34</b>	<b>44721.53</b>
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	5351.94	7594.01
Work-in-Progress	3369.14	2894.67
	<b>8721.08</b>	<b>10488.68</b>
<b>Opening Stock</b>		
Finished Goods	7594.01	2731.28
Work-in-Progress	2894.67	2898.85
	<b>10488.68</b>	<b>5630.13</b>
<b>Changes in Inventories of FG &amp; WIP</b>	<b>1767.60</b>	<b>-4858.55</b>
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3891.89	4295.94
Contribution to Provident and Other Funds	369.88	335.97
Staff Welfare Expenses	417.25	543.82
<b>Total</b>	<b>4679.02</b>	<b>5175.73</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>26. FINANCE COSTS</b>		
Interest Expense	849.34	600.29
Other Borrowing Costs	402.39	334.06
	<b>1251.73</b>	<b>934.35</b>
Interest on Short Term Deposits	-301.92	-271.47
<b>Total</b>	<b>949.81</b>	<b>662.88</b>
<b>27. DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Property, Plant and Equipment	1835.85	1733.51
Other Intangible Assets	17.46	13.56
<b>Total</b>	<b>1853.31</b>	<b>1747.07</b>
<b>28. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2498.94	3151.40
Fettling and Other Manufacturing Expenses	8908.03	12318.69
Power and Fuel	7231.20	11207.92
Freight and Forwarding Charges	1837.54	2913.57
Repairs and Maintenance:		
- Plant and Machinery	1052.07	1979.25
- Buildings	38.18	141.78
Rent	147.99	156.39
Insurance	92.48	96.31
Rates and taxes	22.89	17.83
Printing and Stationery	30.44	40.12
Travelling and Conveyance	290.57	394.56
CSR Expenses (Refer Note No. 33)	110.22	103.57
Advertisement	6.41	3.97
Legal and Professional Charges	136.51	116.23
Communication Charges	26.24	32.64
Payment to Auditors:		
- Audit Fee	13.00	13.00
- Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	10.00	10.90
Books, Periodicals & Subscriptions	10.17	11.18
Vehicle and Office Maintenance	94.49	98.43
Selling Expenses	572.95	180.05
Loss on Asset Scrapped / Sold	1.32	-
Miscellaneous Expenses	6.08	10.67
<b>Total</b>	<b>23139.72</b>	<b>33000.46</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**29. INCOME TAX**

The major components of Income Tax are given below:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Profit or Loss:</b>		
Current Tax:		
Current Income Tax Charge	807.78	1271.67
Adjustment of current tax of previous year	-	44.42
<b>Total</b>	<b>807.78</b>	<b>1316.09</b>
Deferred Tax:		
Relating to the origination and reversal of temporary differences	-1327.52	611.45
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>-519.74</b>	<b>1927.54</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	-16.26	-13.44
<b>Income tax charged to Other Comprehensive Income</b>	<b>-16.26</b>	<b>-13.44</b>

**Reconciliation of tax expense and the accounting profit multiplied by India's Domestic Tax rate for 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019:**

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 as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Accounting Profit before income tax	3080.77	5771.62
Enacted tax rate in India	25.168%	34.944%
Profit before income tax multiplied by enacted tax rate	775.37	2016.83
Effects of:		
Additional deduction on Research and Development Expenses	-	-215.23
Additional deduction under Income Tax Act	-4.17	-584.84
Disallowances	36.58	54.91
Adjustment of current tax of previous year	-	44.42
<b>Net effective Income Tax</b>	<b>807.78</b>	<b>1316.09</b>

During the year 2019-20 and 2018-19, 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.

The Company has exercised the option permitted under section 115BAA of Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the deferred tax liability (net) and the estimate of tax expense for the year ended 31<sup>st</sup> March 2020 have been re-measured. The resultant impact has been recognised and consequently tax expense has been considered for the year ended 31<sup>st</sup> March 2020.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 30. 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 2020	31 <sup>st</sup> March 2019
Profit after tax (₹ in Lakhs)	3600.51	3844.08
Weighted average number of shares in Lakhs		
- Basic	870.01	870.01
- Diluted	870.01	870.01
Earnings per share of ₹ 2/- each		
- Basic	4.14	4.42
- Diluted	4.14	4.42

### 31. 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.

#### 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.

#### 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. 40.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 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.

32. (i). Term Loans from Banks are secured by equitable mortgage of land, building and hypothecation of plant and machinery present and future. Working Capital Loans repayable on demand is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores, book debts and second charge on Plant & Equipment situated at Gudur Plant.
- (ii). Terms of Repayment

Loan Description	Repayment Terms
Term Loan - Banks	Quarterly Installment

### 33. DETAILS OF CSR EXPENDITURE (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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	109.30	101.62
b. Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than (i) above	110.22	103.57

### 34. COMMITMENTS (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of acquisition of assets.	314.71	3135.67

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**35. CONTINGENT LIABILITIES**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Bank Guarantees / Letters of Credit	86.05	589.04
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
i) towards central excise	-	371.53
ii) towards sales tax	17.11	17.11

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.

**36. 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 2020	31 <sup>st</sup> March 2019
Material and stores & spares consumption	277.83	390.54
Power and fuel	100.41	132.59
Repairs and maintenance	17.90	26.50
Employee benefit expenses	316.32	335.84
Depreciation	-	2.80
Others	12.97	12.49
<b>Total</b>	<b>725.43</b>	<b>900.76</b>

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

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Buildings	-	-
Plant and Machinery	-	117.57
<b>Total</b>	<b>-</b>	<b>117.57</b>

**37. SEGMENT REPORTING UNDER IND AS 108**

The Company operates in a single primary business segment namely Manufacture of Iron Castings. The following are the information relating to geographical segment:

(₹ in Lakhs)

Year ended	India	Others	Total
31 <sup>st</sup> March 2020	45432.86	11242.80	56675.66
31 <sup>st</sup> March 2019	76630.45	8996.26	85626.71

Out of the above said revenue two customers represent more than 10% of the gross revenue and in total contribute 31.94% of the gross revenue.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

- 38.** The information regarding Micro and Small Enterprises which is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
i. The principal amount (2019-20: 1155.69, 2018-19: 658.18) and the interest due (2019-20: 0.58, 2018-19: 3.94) thereon remain unpaid to suppliers at the end of each accounting year.	1156.27	662.12
ii. The amount of interest paid by the buyer as per section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.58	3.94
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure.	0.58	3.94

### 39. LEASES

Ind AS 116 Leases was notified by MCA on 30<sup>th</sup> March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1<sup>st</sup> April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

The Company adopted these standards from 1<sup>st</sup> April 2019 and since the Company has only short term leases, there is no impact on adoption.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**40. 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 Plan Assets	Total
<b>1<sup>st</sup> April 2018</b>	<b>689.51</b>	<b>-617.65</b>	<b>71.86</b>
Current Service Cost	55.86	-	55.86
Past Service Cost	-	-	-
Interest Expense / (Income)	55.16	-57.49	-2.33
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>111.02</b>	<b>-57.49</b>	<b>53.53</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	38.46	-	38.46
- (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>38.46</b>	<b>-</b>	<b>38.46</b>
- Employer Contributions	-	-123.72	-123.72
- Benefit Payments	-20.87	20.87	-
<b>31<sup>st</sup> March 2019</b>	<b>818.12</b>	<b>-777.99</b>	<b>40.13</b>

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>1<sup>st</sup> April 2019</b>	<b>818.12</b>	<b>-777.99</b>	<b>40.13</b>
Current Service Cost	62.49	-	62.49
Past Service Cost	-	-	-
Interest Expense / (Income)	61.35	-67.83	-6.48
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>123.84</b>	<b>-67.83</b>	<b>56.01</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	64.60	-	64.60
- (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>64.60</b>	<b>-</b>	<b>64.60</b>
- Employer Contributions	-	-107.68	-107.68
- Benefit Payments	-90.80	90.80	-
<b>31<sup>st</sup> March 2020</b>	<b>915.76</b>	<b>-862.70</b>	<b>53.06</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Present value of funded obligations	915.76	818.12
Fair value of plan assets	-862.70	-777.99
<b>Deficit/(Excess) of Funded Plan</b>	<b>53.06</b>	<b>40.13</b>
Unfunded plans	-	-
<b>Deficit/(Excess) of Gratuity Plan</b>	<b>53.06</b>	<b>40.13</b>

(iii) Significant Estimates: Actuarial assumptions and sensitivity

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Discount Rate	7.25%	7.50%
Expected return on Plan Assets	7.50%	7.50%
Salary Growth Rate	7.00%	7.00%
Attrition Rate (depend on age)	1% to 3%	1% to 3%

### 41. 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.

### 42. 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.

### 43. 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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**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 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 viz. off-highway, railways etc. to counter this risk.

Due to COVID-19 impact, the Company expects that the market may be affected on the demand side. It is not able to assess the impact of this on future market at this point of time.

**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 and cost of Power etc.

**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).

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

The Company's unhedged foreign currency exposure is as follows :

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Export Receivables	4794.20	4029.79
Hedged	1854.45	-
Un-hedged	2939.75	4029.79

#### 44. 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 (ceased from 24.11.2019)
4. Mr. S.K. Sivakumar, Chief Financial Officer & Company Secretary

#### Relatives / Enterprises related to Key Management Personnel (KMP):

1. Mrs. P. Jamuna
2. Mrs. P. Viraja
3. Mrs. S. Vijayalakshmi
4. M/s. MIC USA LLC

#### a) Transactions with related parties (2019-20)

(₹ in Lakhs)

Nature of Transactions	Subsidiary Company	KMP	Relatives to KMP	Enterprises related to KMP
Remuneration	-	287.41	-	-
Rental Payments	-	12.00	154.42	-
Other Payments	-	-	-	204.36
<b>Investment in Shares:</b>				
Amount of investment during the year	-	-	-	-
Closing Balance as on 31.03.2020	3,860.00	-	-	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

**b) Transactions with related parties (2018-19) (₹ in Lakhs)**

Nature of Transactions	Subsidiary Company	KMP	Relatives to KMP	Enterprises related to KMP
Remuneration	-	309.54	-	-
Rental Payments	-	12.00	146.52	-
Other Payments	-	-	-	-
<b>Investment in Shares:</b>				
Amount of investment during the year	-	-	-	-
Closing Balance as on 31.03.2019	3,860.00	-	-	-

- 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 : Hyderabad

Date : 19<sup>th</sup> June 2020

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

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

Place : Chennai

Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

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

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

#### **Opinion**

We have audited the accompanying consolidated financial statements of Nelcast Limited (“the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2020, consolidated profit and consolidated total comprehensive income, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independent requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding the assets of the

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

Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if

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

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Other Matters**

We did not audit the financial statements / financial information of subsidiary, whose financial statements / financial information reflect total assets of ₹ 4131.81 Lakhs as at 31<sup>st</sup> March 2020, total comprehensive income of ₹ Nil and net cash flows amounting to ₹ -1.08 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Sections 143(3) and 143(11) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.



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

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors 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 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on 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 company incorporated in India.

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020  
UDIN : 20024344AAAAOM4577

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

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2020, 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 Act, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

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

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

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated 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 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 consolidated 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 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**OTHER MATTERS**

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

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

**CONSOLIDATED BALANCE SHEET AS AT**

PARTICULARS	Note No.	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>I. ASSETS</b>			
<b>A Non-Current Assets</b>			
Property, Plant and Equipment	2(i)	30318.01	31749.44
Capital Work-in-Progress	-	16567.28	10308.85
Other Intangible Assets	2(ii)	63.39	79.34
Financial Assets:			
(i) Investments	3	28.29	32.13
Other Non-Current Assets	4	426.49	895.38
<b>Total Non-Current Assets</b>		<b>47403.46</b>	<b>43065.14</b>
<b>B Current Assets</b>			
Inventories	5	12814.35	14158.70
Financial Assets:			
(i) Trade Receivables	6	11262.37	12116.78
(ii) Cash and Cash Equivalents	7	4799.94	5865.04
(iii) Bank balances other than (ii) above	8	12.15	12.09
(iv) Other Financial Assets	9	1301.50	1853.85
Other Current Assets	10	631.90	1107.48
<b>Total Current Assets</b>		<b>30822.21</b>	<b>35113.94</b>
<b>Total Assets</b>		<b>78225.67</b>	<b>78179.08</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
Equity Share Capital	11	1740.02	1740.02
Other Equity	12	40278.29	37774.97
Non-Controlling Interest	-	271.00	271.00
<b>Total Equity</b>		<b>42289.31</b>	<b>39785.99</b>
<b>B Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	13	14100.81	9087.50
Deferred Tax Liabilities (Net)	14	3349.18	4692.96
<b>Total Non-Current Liabilities</b>		<b>17449.99</b>	<b>13780.46</b>
<b>2 Current Liabilities</b>			
Financial Liabilities:			
(i) Borrowings	15	7086.15	7761.55
(ii) Trade Payables	16		
- Total outstanding dues of Micro & Small Enterprises		1156.27	662.12
- Total outstanding dues of Other than Micro & Small Enterprises		6901.77	9967.30
(iii) Other Financial Liabilities	17	1337.15	3141.59
Other Current Liabilities	18	1672.17	2610.99
Provisions	19	219.14	204.78
Current Tax Liabilities (Net)	20	113.72	264.30
<b>Total Current Liabilities</b>		<b>18486.37</b>	<b>24612.63</b>
<b>Total Liabilities</b>		<b>35936.36</b>	<b>38393.09</b>
<b>Total Equity and Liabilities</b>		<b>78225.67</b>	<b>78179.08</b>
<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 and on behalf of the Board*

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

Place : Chennai  
Date : 19<sup>th</sup> June 2020

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

PARTICULARS	Note No.	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>Income:</b>			
I Revenue from Operations	21	56675.66	85626.71
II Other Income	22	1057.91	594.03
III <b>Total Income (I+II)</b>		<b>57733.57</b>	<b>86220.74</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	23	22263.34	44721.53
Changes in Inventories of Finished Goods & Work-in-Progress	24	1767.60	-4858.55
Employee Benefits Expense	25	4679.02	5175.73
Finance Costs	26	949.81	662.88
Depreciation & Amortisation Expense	27	1853.31	1747.07
Other Expenses	28	23139.72	33000.46
<b>Total Expenses</b>		<b>54652.80</b>	<b>80449.12</b>
V <b>Profit Before Exceptional Items and Tax (III-IV)</b>		<b>3080.77</b>	<b>5771.62</b>
VI Exceptional Items		-	-
VII <b>Profit before Tax (V-VI)</b>		<b>3080.77</b>	<b>5771.62</b>
<b>VIII Tax Expenses:</b>			
(1). Current Tax	29	807.78	1316.09
(2). Deffered Tax		-1327.52	611.45
		<b>-519.74</b>	<b>1927.54</b>
IX <b>Profit for the Period (VII-VIII)</b>		<b>3600.51</b>	<b>3844.08</b>
<b>X Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to Profit or Loss			
- Remeasurement of Defined Benefit Plans		64.60	38.46
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-16.26	-13.44
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>48.34</b>	<b>25.02</b>
XI <b>Total Comprehensive Income for the period (IX-X)</b>		<b>3552.17</b>	<b>3819.06</b>
<b>XII Earnings per Equity Share of ₹ 2/- each :</b>			
(1). Basic	30	4.14	4.42
(2). Diluted		4.14	4.42
<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 and on behalf of the Board**

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

Place : Chennai  
Date : 19<sup>th</sup> June 2020

## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax</b>	<b>3080.77</b>	<b>5771.62</b>
Adjustments for:		
Depreciation & Amortisation Expense	1853.31	1747.07
Interest Income	-81.22	-97.81
(Profit)/Loss on sale of assets	-1.47	-1.15
(Profit)/Loss on sale of investments	-0.12	-0.09
Interest Paid	949.81	662.88
Un-realised forex (Gain)/Loss	-268.61	60.70
Remeasurement of Defined Benefit Plans	-64.60	-38.46
<b>Operating Profit before Working Capital Changes</b>	<b>5467.87</b>	<b>8104.76</b>
Adjustment for:		
Inventories	1344.35	-3042.54
Trade Receivables	1156.02	-453.64
Other Financial Assets	552.35	-269.17
Other Current Assets	475.58	659.09
Other Non-Current Assets	468.89	-13.50
Trade Payables	-2567.10	1188.58
Other Financial Liabilities	-1804.44	3128.17
Other Current Liabilities	-976.10	-647.37
Provisions	14.36	-18.60
Current Tax Liabilities	-150.58	145.52
<b>Cash generated from Operations</b>	<b>3981.20</b>	<b>8781.30</b>
Taxes Paid / Provision for Tax	-807.78	-1316.09
<b>Cash flow before Prior-period Items</b>	<b>3173.42</b>	<b>7465.21</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>TOTAL A</b> <b>3173.42</b>	<b>7465.21</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-405.74	-7088.21
Purchase of Other Intangible Assets	-1.51	-62.59
Sale of Property, Plant and Equipment	2.79	12.50
(Increase)/Decrease in Capital Work-In-Progress	-6258.43	-5482.56
(Increase)/Decrease in Investments	3.84	21.94
(Increase)/Decrease in Unpaid Dividend A/cs	-0.06	1.33
Profit on sale of Investments	0.12	0.09
Interest Income	81.22	97.81
<b>Net Cash from / (used in) in Investing Activities</b>	<b>TOTAL B</b> <b>-6577.77</b>	<b>-12499.69</b>

## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Long-Term Borrowings	5013.31	6087.50
Issue of Share Capital	-	-
Interest paid	-949.81	-662.88
Dividend Paid (Including Dividend Tax)	-1048.85	-1048.85
<b>Net Cash from / (used in) Financing Activities</b> <b>TOTAL C</b>	<b>3014.65</b>	<b>4375.77</b>
<b>Net Increase in Cash and Cash equivalents</b> <b>A+B+C</b>	<b>-389.70</b>	<b>-658.71</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		
Cash and Bank Balances	5865.04	5544.44
Cash Credit Balance	-7761.55	-6782.24
	<b>-1896.51</b>	<b>-1237.80</b>
<b>Cash and Cash Equivalents at the end of the year</b>		
Cash and Bank Balances	4799.94	5865.04
Cash Credit Balance	-7086.15	-7761.55
	<b>-2286.21</b>	<b>-1896.51</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 : Hyderabad  
Date : 19<sup>th</sup> June 2020

*For and on behalf of the Board*

**D. Sessa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

Place : Chennai  
Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

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 2018	11	87001200	1740.02		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2019</b>	11	<b>87001200</b>	<b>1740.02</b>		
Changes in Equity Share Capital during the year		-	-		
<b>Balance as at 31<sup>st</sup> March 2020</b>	11	<b>87001200</b>	<b>1740.02</b>		
<b>II. Other Equity</b>					
	Note	Securities Premium Account	General Reserve	Retained Earnings	Total ₹ in Lakhs
Balance as at 1 <sup>st</sup> April 2018	12	8774.13	20000.00	6230.63	35004.76
Profit for the period		-	-	3844.08	3844.08
Other Comprehensive Income		-	-	-25.02	-25.02
Transfer (to) / from Reserves		-	2500.00	-2500.00	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-1048.85	-1048.85
<b>Balance as at 31<sup>st</sup> March 2019</b>	12	<b>8774.13</b>	<b>22500.00</b>	<b>6500.84</b>	<b>37774.97</b>
Profit for the period		-	-	3600.51	3600.51
Other Comprehensive Income		-	-	-48.34	-48.34
Transfer (to) / from Reserves		-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>					
Dividend paid including dividend distribution tax		-	-	-1048.85	-1048.85
<b>Balance as at 31<sup>st</sup> March 2020</b>	12	<b>8774.13</b>	<b>22500.00</b>	<b>9004.16</b>	<b>40278.29</b>

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

*As per our report of even date*

*For and on behalf of the Board*

**For K NAGARAJU & ASSOCIATES**

Chartered Accountants  
Firm Regn No. 002270S

**K. NAGARAJU**

Partner  
Membership No. 024344

Place : Hyderabad  
Date : 19<sup>th</sup> June 2020

**D. Sessa Reddy**

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Place : Chennai  
Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

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 and at Pedapariya in Andhra Pradesh and Ponneri in 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 have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standard) Rules, 2015 and other relevant provisions of the Act.

The 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.

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 twelve months for the purpose of current, non-current classification of assets and liabilities.

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1<sup>st</sup> April 2020.

#### 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### **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.

### **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 acquisition of property, plant and equipment is net of duty or tax credit availed and includes purchase cost or its construction cost, inward freight and other expenses incidental to acquisition or installation and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. Cost of spares relating to specific item of an asset is capitalized. For major projects, interest and other costs incurred on / related to borrowings attributable to such projects / fixed assets during construction period and related pre-operative expenses 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".

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The residual values, useful life 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 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.

### 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.

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 Company has applied Ind AS 116 'Leases' with effect from 1<sup>st</sup> April 2019 to all lease contracts existing on 1<sup>st</sup> April 2019 using the modified retrospective method.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For the short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

### **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. The geographical segments considered for disclosure based on location of its customers.

### **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**

The Company has applied Ind AS 115 'Revenue from Contracts with Customers' with effect from 1<sup>st</sup> April 2018. The performance obligations under all sales contracts are satisfied at a point of time. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

**Sale of Goods:** The Company derives revenues primarily from sale of Iron Castings. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the probable consideration expected to be received in exchange for those products or services. 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:** Interest Income is recognised on effective interest method taking into account the amount outstanding and the rate applicable.

**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 substantially 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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**

**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 AND OTHER INTANGIBLE ASSETS**

Year ended 31<sup>st</sup> March 2020

(₹ in Lakhs)

Particulars	Gross Carrying Amount		Depreciation / Amortisation		Net Carrying Amount			
	As at 1 <sup>st</sup> April 2019	Additions	Disposals	As at 31 <sup>st</sup> March 2020	Upto 31 <sup>st</sup> March 2019	Upto 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>(i). Property, Plant &amp; Equip.</b>								
Freehold Land	6089.97	-	-	6089.97	-	-	6089.97	6089.97
Freehold Buildings	5868.32	9.69	1.83	5876.18	771.47	305.75	4799.47	5096.85
Plant and Equipment	23914.95	383.92	-	24298.87	3586.04	1475.59	19237.24	20328.91
Office Equipment	83.82	2.81	-	86.63	21.34	12.77	52.52	62.48
Vehicles	200.81	-	9.78	191.03	133.63	9.55	57.63	67.18
Furniture and Fittings	125.39	1.63	-	127.02	53.94	15.15	57.93	71.45
Computers	67.83	7.69	-	75.52	35.23	17.04	23.25	32.60
	36351.09	405.74	11.61	36745.22	4601.65	1835.85	30318.01	31749.44
<b>(ii). Other Intangible Assets</b>								
Computer Software	126.24	1.51	-	127.75	46.90	17.46	63.39	79.34
<b>TOTAL</b>	<b>36477.33</b>	<b>407.25</b>	<b>11.61</b>	<b>36872.97</b>	<b>4648.55</b>	<b>1853.31</b>	<b>30381.40</b>	<b>31828.78</b>

- Capital work-in-progress as on 31<sup>st</sup> March 2020: ₹ 16567.28 Lakhs (31<sup>st</sup> March 2019: ₹ 10308.85 Lakhs)
- Borrowing costs capitalized during the year for the assets held under Capital Work-in-progress is ₹ 1097.14 Lakhs (31<sup>st</sup> March 2019: ₹ 343.74 Lakhs)
- Details of security of property, plant and equipment subject to charge to secured borrowings is given in Note No. 32
- Details of capital expenditure on research and development is given in Note No. 36

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>3. INVESTMENTS</b>		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Others:		
- <b>Suzlon Engitech Ltd</b>	5.99	5.99
59,903 Equity shares of ₹ 10/- each		
- <b>OPG Power Generation Pvt Ltd</b>	1.53	4.24
13,400 (P.Y. 38,100) Equity shares of ₹ 10/- each		
- <b>Watsun Infrabuild Pvt Ltd</b>	20.77	20.00
2,07,700 (P.Y. 2,00,000) Equity shares of ₹ 10/- each		
- <b>Atria Wind Power Pvt Ltd</b>	0.00	1.90
Nil (P.Y. 1,900) Equity shares of ₹ 100/- each		
<b>Total</b>	<b>28.29</b>	<b>32.13</b>
<b>4. OTHER NON-CURRENT ASSETS</b> (Unsecured, Considered Good)		
Capital Advances	426.49	895.38
<b>Total</b>	<b>426.49</b>	<b>895.38</b>
<b>5. INVENTORIES</b>		
Raw Materials	2220.18	1521.85
Work-in-progress	3369.14	2894.67
Finished Goods	5351.94	7594.01
Stores and Spares	460.75	378.37
Loose Tools	1259.39	1563.30
Moulding Boxes & Patterns	152.95	206.50
<b>Total</b>	<b>12814.35</b>	<b>14158.70</b>
> Valued at lower of cost and net realisable value		
<b>6. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	11262.37	12116.78
<b>Total</b>	<b>11262.37</b>	<b>12116.78</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>7. CASH AND CASH EQUIVALENTS</b>		
Balances with Banks:		
- In Current Accounts	129.61	388.05
- Short Term Fixed Deposits	4665.51	5474.99
Cash on Hand	4.82	2.00
<b>Total</b>	<b>4799.94</b>	<b>5865.04</b>
<b>8. BANK BALANCES OTHER THAN (7) ABOVE</b>		
Unpaid Dividend Accounts	12.15	12.09
<b>Total</b>	<b>12.15</b>	<b>12.09</b>
<b>9. OTHER FINANCIAL ASSETS</b>		
Deposits with Govt. Authorities	1146.79	1541.34
Accrued Interest on Deposits	109.25	127.47
Export Incentives receivable	45.46	185.04
<b>Total</b>	<b>1301.50</b>	<b>1853.85</b>
<b>10. OTHER CURRENT ASSETS (Unsecured, Considered Good)</b>		
Balances with Govt. / Statutory Authorities	382.09	529.07
Prepaid Expenses	25.11	24.12
Rental Advance	66.00	66.00
Advances for Supplies & Services	149.39	476.99
Advances given to Employees	9.31	11.30
<b>Total</b>	<b>631.90</b>	<b>1107.48</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	Number of Shares	₹ in Lakhs
<b>11. EQUITY SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2018</b>	125000000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2019</b>	125000000	2500.00
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2020</b>	125000000	2500.00
<b>Issued, Subscribed and Paidup:</b>		
Equity Share of ₹ 2/- each		
<b>As at 1<sup>st</sup> April 2018</b>	87001200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2019</b>	87001200	1740.02
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2020</b>	87001200	1740.02
<b>Movements in Equity Share Capital:</b>		
<b>As at 1<sup>st</sup> April 2018</b>	87001200	1740.02
<b>As at 31<sup>st</sup> March 2019</b>	87001200	1740.02
<b>As at 31<sup>st</sup> March 2020</b>	87001200	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.

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

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of shares	%	No. of shares	%
P. Deepak	34455000	39.60	34363803	39.50
P. Deepak (HUF)	14491763	16.66	14491763	16.66
P. Divya	16154249	18.57	16154249	18.57
<b>Total</b>	<b>65101012</b>	<b>74.83</b>	<b>65009815</b>	<b>74.73</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>12. OTHER EQUITY</b>		
Securities Premium Account	8774.13	8774.13
General Reserve	22500.00	22500.00
Retained Earnings	9004.16	6500.84
<b>Total Reserves and Surplus</b>	<b>40278.29</b>	<b>37774.97</b>
Securities Premium Account		
Opening Balance	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>
General Reserve		
Opening Balance	22500.00	20000.00
Additions during the year	-	2500.00
(Deductions) / (Adjustments) during the year	-	-
<b>Closing Balance</b>	<b>22500.00</b>	<b>22500.00</b>
<b>Retained Earnings</b>		
Opening Balance	6500.84	6230.63
Total Comprehensive Income for the period	3552.17	3819.06
<b>Amount available for Appropriation</b>	<b>10053.01</b>	<b>10049.69</b>
<b>Appropriations:</b>		
- General Reserve	-	2500.00
- Dividend on Equity Shares	870.01	870.01
- Dividend Distribution Tax on above	178.84	178.84
<b>Closing Balance</b>	<b>9004.16</b>	<b>6500.84</b>
<b>13. BORROWINGS</b>		
Term Loan from Banks (Refer Note No.32)	14100.81	9087.50
<b>Total</b>	<b>14100.81</b>	<b>9087.50</b>
<b>14. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability :		
- Property, Plant and Equipment and Other Intangible Assets	3405.75	4735.77
Deferred Tax Asset :		
- Employee benefits	-56.57	-42.81
<b>Total</b>	<b>3349.18</b>	<b>4692.96</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>15. BORROWINGS</b>		
<b>Secured Loans Repayable on Demand to Banks:</b>		
- Working Capital Loans (Refer Note No.32)	7086.15	7761.55
<b>Total</b>	<b>7086.15</b>	<b>7761.55</b>
<b>16. TRADE PAYABLES</b>		
Trade Payables:		
Total outstanding dues of Micro and Small Enterprises (Refer Note No.38)	1156.27	662.12
Total outstanding dues of creditors other than Micro and Small Enterprises	6901.77	9967.30
<b>Total</b>	<b>8058.04</b>	<b>10629.42</b>
<b>17. OTHER FINANCIAL LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt:</b>		
- Term Loans from Banks (Refer Note No.32)	1325.00	1512.50
- Others : Buyers Credit	-	1617.00
Unpaid Dividends	12.15	12.09
<b>Total</b>	<b>1337.15</b>	<b>3141.59</b>
<b>18. OTHER CURRENT LIABILITIES</b>		
Statutory Dues	529.91	1263.80
Advances received from Customers	189.72	183.35
Outstanding Expenses	952.54	1163.84
<b>Total</b>	<b>1672.17</b>	<b>2610.99</b>
<b>19. PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity	53.06	40.13
- Bonus	166.08	164.65
<b>Total</b>	<b>219.14</b>	<b>204.78</b>
<b>20. CURRENT TAX LIABILITIES (NET)</b>		
Provision for Income Tax (Net)	113.72	264.30
<b>Total</b>	<b>113.72</b>	<b>264.30</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>21. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	56675.66	85626.71
<b>Total</b>	<b>56675.66</b>	<b>85626.71</b>
<b>22. OTHER INCOME</b>		
Interest Income	81.22	97.81
Gain on Foreign Currency Transaction (Net)	564.64	98.69
Gain on sale of assets	2.79	1.15
Gain on sale of investments	0.12	0.09
Export Incentive	409.14	396.29
<b>Total</b>	<b>1057.91</b>	<b>594.03</b>
<b>23. COST OF MATERIALS CONSUMED</b>		
Raw Materials at the beginning of the year	1521.85	3337.45
Add: Purchases	22961.67	42905.93
(Less): Raw Materials at the end of the year	-2220.18	-1521.85
<b>Cost of Materials Consumed</b>	<b>22263.34</b>	<b>44721.53</b>
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	5351.94	7594.01
Work-in-Progress	3369.14	2894.67
	<b>8721.08</b>	<b>10488.68</b>
<b>Opening Stock</b>		
Finished Goods	7594.01	2731.28
Work-in-Progress	2894.67	2898.85
	<b>10488.68</b>	<b>5630.13</b>
<b>Changes in Inventories of FG &amp; WIP</b>	<b>1767.60</b>	<b>-4858.55</b>
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	3891.89	4295.94
Contribution to Provident and Other Funds	369.88	335.97
Staff Welfare Expenses	417.25	543.82
<b>Total</b>	<b>4679.02</b>	<b>5175.73</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	31 <sup>st</sup> March 2020 (₹ in Lakhs)	31 <sup>st</sup> March 2019 (₹ in Lakhs)
<b>26. FINANCE COSTS</b>		
Interest Expense	849.34	600.29
Other Borrowing Costs	402.39	334.06
	<b>1251.73</b>	<b>934.35</b>
Interest on Short Term Deposits	-301.92	-271.47
<b>Total</b>	<b>949.81</b>	<b>662.88</b>
<b>27. DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
Property, Plant and Equipment	1835.85	1733.51
Other Intangible Assets	17.46	13.56
<b>Total</b>	<b>1853.31</b>	<b>1747.07</b>
<b>28. OTHER EXPENSES</b>		
Consumption of Stores and Spares	2498.94	3151.40
Fettling and Other Manufacturing Expenses	8908.03	12318.69
Power and Fuel	7231.20	11207.92
Freight and Forwarding Charges	1837.54	2913.57
Repairs and Maintenance:		
- Plant and Machinery	1052.07	1979.25
- Buildings	38.18	141.78
Rent	147.99	156.39
Insurance	92.48	96.31
Rates and taxes	22.89	17.83
Printing and Stationery	30.44	40.12
Travelling and Conveyance	290.57	394.56
CSR Expenses (Refer Note No. 33)	110.22	103.57
Advertisement	6.41	3.97
Legal and Professional Charges	136.51	116.23
Communication Charges	26.24	32.64
Payment to Auditors:		
- Audit Fee	13.00	13.00
- Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	10.00	10.90
Books, Periodicals & Subscriptions	10.17	11.18
Vehicle and Office Maintenance	94.49	98.43
Selling Expenses	572.95	180.05
Loss on Asset Scrapped / Sold	1.32	-
Miscellaneous Expenses	6.08	10.67
<b>Total</b>	<b>23139.72</b>	<b>33000.46</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 29. INCOME TAX

The major components of Income Tax are given below:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Profit or Loss:</b>		
Current Tax:		
Current Income Tax Charge	807.78	1271.67
Adjustment of current tax of previous year	-	44.42
<b>Total</b>	<b>807.78</b>	<b>1316.09</b>
Deferred Tax:		
Relating to the origination and reversal of temporary differences	-1327.52	611.45
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>-519.74</b>	<b>1927.54</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	-16.26	-13.44
<b>Income tax charged to Other Comprehensive Income</b>	<b>-16.26</b>	<b>-13.44</b>

#### Reconciliation of tax expense and the accounting profit multiplied by India's Domestic Tax rate for 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019:

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 as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Accounting Profit before income tax	3080.77	5771.62
Enacted tax rate in India	25.168%	34.944%
Profit before income tax multiplied by enacted tax rate	775.37	2016.83
Effects of:		
Additional deduction on Research and Development Expenses	-	-215.23
Additional deduction under Income Tax Act	-4.17	-584.84
Disallowances	36.58	54.91
Adjustment of current tax of previous year	-	44.42
<b>Net effective Income Tax</b>	<b>807.78</b>	<b>1316.09</b>

During the year 2019-20 and 2018-19, 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.

The Company has exercised the option permitted under section 115BAA of Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the deferred tax liability (net) and the estimate of tax expense for the year ended 31<sup>st</sup> March 2020 have been re-measured. The resultant impact has been recognised and consequently tax expense has been considered for the year ended 31<sup>st</sup> March 2020.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 30. 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 into Equity Shares.

The Basic and Diluted EPS calculations are given below:

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Profit after tax (₹ in Lakhs)	3600.51	3844.08
Weighted average number of shares in Lakhs		
- Basic	870.01	870.01
- Diluted	870.01	870.01
Earnings per share of ₹ 2/- each		
- Basic	4.14	4.42
- Diluted	4.14	4.42

### 31. 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.

#### 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.

#### 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. 40.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 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.

- 32.** (i). Term Loans from Banks are secured by equitable mortgage of land, building and hypothecation of plant and machinery present and future. Working Capital Loans repayable on demand is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores, book debts and second charge on Plant & Equipment situated at Gudur Plant.
- (ii). Terms of Repayment

**Loan Description**

Term Loan - Banks

**Repayment Terms**

Quarterly Installment

### **33. DETAILS OF CSR EXPENDITURE**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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	109.30	101.62
b. Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than (i) above	110.22	103.57

### **34. COMMITMENTS**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of acquisition of assets.	314.71	3135.67

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 35. CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Bank Guarantees / Letters of Credit	86.05	589.04
Claims against the company not acknowledged as debts primarily towards (net of amount paid to statutory authorities):		
i) towards central excise	-	371.53
ii) towards sales tax	17.11	17.11

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.

### 36. 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 2020	31 <sup>st</sup> March 2019
Material and stores & spares consumption	277.83	390.54
Power and fuel	100.41	132.59
Repairs and maintenance	17.90	26.50
Employee benefit expenses	316.32	335.84
Depreciation	-	2.80
Others	12.97	12.49
<b>Total</b>	<b>725.43</b>	<b>900.76</b>

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

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Buildings	-	-
Plant and Machinery	-	117.57
<b>Total</b>	<b>-</b>	<b>117.57</b>

### 37. SEGMENT REPORTING UNDER IND AS 108

The Company operates in a single primary business segment namely Manufacture of Iron Castings. The following are the information relating to geographical segment:

(₹ in Lakhs)

Year ended	India	Others	Total
31 <sup>st</sup> March 2020	45432.86	11242.80	56675.66
31 <sup>st</sup> March 2019	76630.45	8996.26	85626.71

Out of the above said revenue two customers represent more than 10% of the gross revenue and in total contribute 31.94% of the gross revenue.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- 38.** The information regarding Micro and Small Enterprises which is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
i. The principal amount (2019-20: 1155.69, 2018-19: 658.18) and the interest due (2019-20: 0.58, 2018-19: 3.94) thereon remain unpaid to suppliers at the end of each accounting year.	1156.27	662.12
ii. The amount of interest paid by the buyer as per section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.58	3.94
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure.	0.58	3.94

### **39. LEASES**

Ind AS 116 Leases was notified by MCA on 30<sup>th</sup> March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1<sup>st</sup> April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

The Company adopted these standards from 1<sup>st</sup> April 2019 and since the Company has only short term leases, there is no impact on adoption.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**40. 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 Plan Assets	Total
<b>1<sup>st</sup> April 2018</b>	<b>689.51</b>	<b>-617.65</b>	<b>71.86</b>
Current Service Cost	55.86	-	55.86
Past Service Cost	-	-	-
Interest Expense / (Income)	55.16	-57.49	-2.33
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>111.02</b>	<b>-57.49</b>	<b>53.53</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	38.46	-	38.46
- (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>38.46</b>	<b>-</b>	<b>38.46</b>
- Employer Contributions	-	-123.72	-123.72
- Benefit Payments	-20.87	20.87	-
<b>31<sup>st</sup> March 2019</b>	<b>818.12</b>	<b>-777.99</b>	<b>40.13</b>

(₹ in Lakhs)

Particulars	Present Value of Obligation	Fair Value of Plan Assets	Total
<b>1<sup>st</sup> April 2019</b>	<b>818.12</b>	<b>-777.99</b>	<b>40.13</b>
Current Service Cost	62.49	-	62.49
Past Service Cost	-	-	-
Interest Expense / (Income)	61.35	-67.83	-6.48
<b>Total amount recognised in Statement of Profit and Loss</b>	<b>123.84</b>	<b>-67.83</b>	<b>56.01</b>
<b>Re-measurements</b>			
- Return on plan assets, excluding amounts included in Interest Expense / (Income)	-	-	-
- (Gain)/Loss from change in demographic assumptions	64.60	-	64.60
- (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>64.60</b>	<b>-</b>	<b>64.60</b>
- Employer Contributions	-	-107.68	-107.68
- Benefit Payments	-90.80	90.80	-
<b>31<sup>st</sup> March 2020</b>	<b>915.76</b>	<b>-862.70</b>	<b>53.06</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Present value of funded obligations	915.76	818.12
Fair value of plan assets	-862.70	-777.99
<b>Deficit/(Excess) of Funded Plan</b>	<b>53.06</b>	<b>40.13</b>
Unfunded plans	-	-
<b>Deficit/(Excess) of Gratuity Plan</b>	<b>53.06</b>	<b>40.13</b>

(iii) Significant Estimates: Actuarial assumptions and sensitivity

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Discount Rate	7.25%	7.50%
Expected return on Plan Assets	7.50%	7.50%
Salary Growth Rate	7.00%	7.00%
Attrition Rate (depend on age)	1% to 3%	1% to 3%

### 41. 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.

### 42. 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.

### 43. 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### **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 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 viz. off-highway, railways etc. to counter this risk.

Due to COVID-19 impact, the Company expects that the market may be affected on the demand side. It is not able to assess the impact of this on future market at this point of time.

### **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 and cost of Power etc.

### **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.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Unhedged foreign Currency

The Company's unhedged foreign currency exposure is as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Export Receivables	4794.20	4029.79
Hedged	1854.45	-
Un-hedged	2939.75	4029.79

### 44. 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
Parent Nelcast Limited	99.36%	42018.31	100.00%	3600.51	100.00%	48.34	100.00%	3552.17
Subsidiary NC Energy Limited	0.64%	271.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	100.00%	42289.31	100.00%	3600.51	100.00%	48.34	100.00%	3552.17

### 45. 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 (ceased from 24.11.2019)
4. Mr. S.K. Sivakumar, Chief Financial Officer & Company Secretary

#### Relatives / Enterprises related to Key Management Personnel (KMP):

1. Mrs. P. Jamuna
2. Mrs. P. Viraja
3. Mrs. S. Vijayalakshmi
4. M/s. MIC USA LLC

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**a. Transactions with related parties (2019-20) (₹ in Lakhs)**

Nature of Transactions	KMP	Relatives to KMP	Enterprises related to KMP
Remuneration	287.41	-	-
Rental Payments	12.00	154.42	-
Other Payments	-	-	204.36

**b. Transactions with related parties (2018-19) (₹ in Lakhs)**

Nature of Transactions	KMP	Relatives to KMP	Enterprises related to KMP
Remuneration	309.54	-	-
Rental Payments	12.00	146.52	-
Other Payments	-	-	-

- 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

Place : Hyderabad

Date : 19<sup>th</sup> June 2020

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

**D. Sesa Reddy**

Chairman  
DIN: 00520448

**A. Balasubramanian**

Director  
DIN: 00490921

Place : Chennai

Date : 19<sup>th</sup> June 2020

**P. Deepak**

Managing Director  
DIN: 02785326

**S. K. Sivakumar**

Chief Financial Officer &  
Company Secretary







