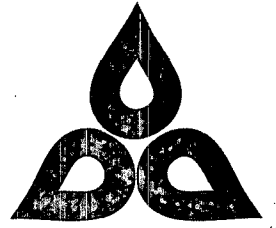
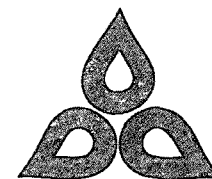


NELCAST
LIMITED



ANNUAL REPORT 2007- 08

NELCAST LIMITED



Performance Statistics

Particulars / Year	1985-86	1990-91	1995-96	2000-01	2003-04	2004-05	2005-06	2006-07	2007-08
Production Quantity (Mts)	974	3426	10305	23234	36050	48228	53585	65566	70399
Sales (Rs. Lakhs)	113	692	3305	6934	15242	24087	27032	35010	40366
EBIDT (Rs. Lakhs)	15	110	775	886	1637	2003	2210	4217	4974
Profit after Tax (Rs. Lakhs)	(8)	33	362	147	245	529	702	1988	2602
Equity Share Capital (Rs. Lakhs)	29	36	324	1125	1185	1285	1285	1305	1740
Net Worth (Rs. Lakhs) (incl. DT)	39	46	827	2001	2612	3062	3459	5525	16713
Gross Fixed Assets (Rs. Lakhs)	148	263	2375	5778	6865	7608	8627	10103	13848
Earnings Per Share of Rs. 10	0.00	0.93	11.18	1.31	2.07	4.12	5.46	15.15	14.96
Cash Earnings Per Share of Rs. 10	0.00	58.99	12.68	2.89	4.87	6.87	8.58	18.69	18.16
Book Value Per Share of (Rs.)	13.47	12.79	25.52	17.79	21.2	23.83	26.92	42.33	96.05
RONW %	0.00	72.76	43.82	7.34	9.77	17.28	20.30	35.98	15.57
Equity Dividend %	0.00	0.00	20.00	5.00	5.00	15.00	20.00	30.00	30.00

Board of Directors

P. RADHAKRISHNA REDDY

Chairman

J. JOSEPH

Managing Director

T. R. PRASAD

R. MOHAN REDDY

D. SESA REDDY

P. VIJAYA BHASKAR REDDY

Deputy Managing Director

S.K. SIVAKUMAR

*General Manager-Finance
& Company Secretary*

Auditors

J.B. REDDY & CO.,

206, Srinilaya Estate

Ameerpet

Hyderabad 500 073

Bankers

State Bank of India

Registered Office & Works

34, Industrial Estate,

Gudur - 524 101

Ponneri Works

Madhavaram Village

Ponneri (Taluk)

Tiruvallur District

Tamil Nadu 601 204

Administrative Office

159, T.T.K. Road,

Alwarpet, Chennai 600 018

Phone : +044 - 2498 3111

Fax : +044 - 2498 2111

E-Mail : nelcast@nelcast.com

Website: www.nelcast.com

**NELCAST
LIMITED**



Annual

Report

2007 - 08

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Nelcast Limited, will be held on Saturday the 31st May 2008, at 10.30 am at DNR Community Hall, I.C.S Road, Gudur – 524 101, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the financial year 2007-08.
3. To appoint a Director in place of Mr. P. Radhakrishna Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. Mohan Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. J.B. Reddy & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution.
 “RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Mr. P. Vijaya Bhaskar Reddy as Deputy Managing Director of the Company for a period of three years from 1st April 2008 to 31st March 2011 on the following terms and conditions:

Period of Appointment : 3 Years from 01.04.2008 to 31.03.2011

Salary : Basic Salary of Rs. 2,00,000/-per month

: Special Allowance of Rs. 50,000/-per month

PERQUISITES :

- (i) Free furnished residential accommodation, leased out by the Company or House Rent Allowance subject to a ceiling of 45% of the Basic salary.
- (ii) Reimbursement of medical expenses incurred for self and family including premium for medical insurance.
- (iii) Personal Accident Insurance – Premium shall not exceed Rs. 10,000/-.
- (iv) Contribution towards Provident Fund and Superannuation Fund will be as per rules of the Company.
- (v) Contribution to the Group Gratuity Fund as per rules of the Company.
- (vi) Earned Leave on full pay and allowances as per rules of the Company, but not exceeding half a month's salary per year.



- (vii) Car shall be provided for use on Company's business and telephone at residence.

In addition to the above, a special incentive equivalent to twelve months' basic salary shall be paid annually.

In the event of loss or inadequacy of profit in any financial year, the Deputy Managing Director shall be paid remuneration by way of Salary and Perquisites as specified above.

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

"RESOLVED THAT in supersession of Resolution passed at the Extraordinary General Meeting of the Company held on 21st November 2006 the consent of the Company be and is hereby accorded in terms of section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose, provided that, the total amount so borrowed shall not at any time, exceed the limit of Rs. 200,00,00,000 (Rupees Two hundred crores only)."

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

'RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, the company be and hereby accord its consent to the Board of Directors to mortgage and / or to charge, create on such movable or immovable properties as collateral security for securing any credit facilities to the consortium of bankers by creating charge by way of deposit of title deeds to and in favour of consortium on the immovable properties of the Company, in the normal course of business.

'RESOLVED FURTHER THAT the mortgage / charge created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the board are hereby confirmed.

By Order of the Board

S.K. Sivakumar

*General Manager – Finance &
Company Secretary*

Place: Gudur

Date: 28th April 2008

Registered Office

No.34, Industrial Estate

Gudur, Andhra Pradesh-524101



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays, between 11 a.m. and 1 p.m. up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from Monday, May 26, 2008 to Saturday, May 31, 2008 (both days inclusive).
9. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Bigshare Pvt. Ltd, Mumbai, immediately of:
 - (a) The change in the residential status on return to India for permanent settlement.
 - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.
10. **Re-appointment of Directors:**

At the ensuing Annual General Meeting, Mr. P. Radhakrishna Reddy and Mr. R. Mohan Reddy retire by rotation and being eligible offer themselves for re-appointment. As per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the information or details pertaining to these directors are furnished below:

Details of directors seeking re-appointment at the Annual General Meeting (In pursuance to clause 49 of the Listing Agreement)

1. Mr. P. Radhakrishna Reddy, aged about 53 years, a Metallurgical Engineer from Regional Engineering College, Nagpur, founded the Company with a small plant in Gudur with an installed capacity of 1200 MT p a, which started its commercial production in the year 1985. He started at a young age of 27 and during the formative years, he handled all the functions like production, marketing, materials and human resources. As a result of his excellent business acumen, today Nelcast has got two manufacturing units at Gudur, Andhra Pradesh and Ponneri, Tamil Nadu.

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

<i>Directorship</i>	<i>Committee Membership</i>
Nelcast Energy Corporation Ltd	NIL
Ponnas Infrastructure Pvt. Ltd	NIL

2. Mr. R. Mohan Reddy aged 67 years is a Non-Executive Independent Director of the Company. He graduated in Engineering and has completed his Masters in Business Management from Osmania University. He was a General Manager in Andhra Pradesh Industrial Development Corporation in charge of project appraisals, revival of sick units, monitoring assisted units etc.; He was also the Managing Director of Hyderabad Allwyn Limited.

Details of other Directorships/Committee Memberships held by him:

<i>Directorship</i>	<i>Committee Membership</i>
Lokesh Machines Ltd	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 6**

Mr. P. Vijaya Bhaskar Reddy – Dy. Managing Director has been holding office since 1st April 2005. His term of appointment expired on March 31, 2008.

Upon the Remuneration Committee's recommendation, the Board of Directors at their meeting held on 8th March 2008 has re-appointed Mr. P. Vijaya Bhaskar Reddy as Deputy Managing Director for a further period of three years effective from 1st April 2008 to 31st March 2011 on the revised remuneration.

In terms of the provisions of Sec. 269 read with Schedule XIII of the Companies Act, 1956 the appointment of Dy. Managing Director is subject to the approval of members at the General Meeting of Company. In light of the said provisions, you are requested to accord your approval to the reappointment of Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director on the revised terms and conditions.

In terms of Clause 49 (IV)(G) of the Listing Agreement, shareholders may also note as under:

Mr. P. Vijaya Bhaskar Reddy aged 52 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s Pennar Steels Limited as Accounts Officer. He has around 26 years of experience in finance and accounts and also in business management.

Details of other Directorships/Committee Memberships held by him:

<i>Directorship</i>	<i>Committee Membership</i>
Nelcast Energy Corporation Ltd	NIL

Memorandum of Interest:

None of the Directors is interested in the resolution except Mr. P. Vijaya Bhaskar Reddy.

**Item No. 7**

At the Extraordinary General meeting held on 21st November 2006, the Board of Directors were authorised under section 293(1)(d) of the Companies Act 1956 to borrow upto a limit of Rs. 100 crores apart from the temporary loans obtained from bankers in the ordinary course of business.

In view of the steady growth in the business and huge business potential envisaged in future, the demand of the funds of the Company will also substantially increase. Therefore, it is considered prudent to increase the borrowing limit to Rs. 200 crores apart from the temporary loans obtained from the company's bankers in the ordinary course of business. Accordingly the ordinary resolution set out in the notice is submitted to the meeting.

The Board of Directors of your company recommend the resolution for approval.

Memorandum of Interest:

None of the Directors is interested or concerned in the resolution.

Item No. 8

The Company is required to borrow from banks to mobilize funds to meet the growing business requirements. In this process, the necessary collateral security is to be provided to the lenders in consideration of the financial assistance sanctioned to the Company. Accordingly, it is required to create mortgage / charge on the immovable properties of the Company to avail such financial assistance, which is in the normal course of business.

The Board of Directors of your company recommend the resolution for approval.

Memorandum of Interest:

None of the Directors is interested or concerned in the resolution.

By Order of the Board

S.K. Sivakumar

*General Manager – Finance &
Company Secretary*

Place: Gudur

Date: 28th April 2008

Registered Office

No.34, Industrial Estate

Gudur, Andhra Pradesh-524101



DIRECTORS' REPORT

Your Directors are pleased to present the Twenty - Sixth Annual Report along with the Audited Accounts for the financial year ended 31st March 2008 and the Auditors Report thereon.

FINANCIAL RESULTS

	2007-08	2006-07
	<i>(Rupees in Lakhs)</i>	
Net Sales	40365.60	35010.00
PBIDT	4973.34	4216.68
Profit Before Taxes (PBT)	3937.73	3011.40
Less: Provision for Taxes	1335.34	1023.53
Profit After Taxes (PAT)	2602.39	1987.86
Less: Prior Year Adjustments	0.30	10.75
Add: Profit brought forward from previous years	759.48	232.71
Profit Available for appropriation	3361.88	2209.82
Dividend 30% on Equity Shares	522.01	389.00
Provision for Tax on Dividend	88.71	61.33
Transfer to General Reserve	1000.00	1000.00
Surplus Carried to Balance Sheet	1751.16	759.49

DIVIDEND

Your Directors recommend a dividend of 30% (Rs. 3.00 per share) for the financial year 2007-08.

OPERATIONS

During the year, the Company achieved record sales of Rs.403.65 crores as against Rs.350.10 crores in 2006-07 registering a growth of 15.3%. Profit Before Tax improved to Rs. 39.38 crores during 2007-08 from Rs. 30.11 crores in 2006-07 representing an increase of 31%. The Net Profit for the year is Rs.26.02 Crores compared to the previous year's 19.77 representing an increase of 32%.

The production during the year was 70,399 MT, compared to the previous year's 65,566 MT. The Company plays a major role in the Indian Foundry Industry and established itself as one of the largest Foundries in India, with its installed capacity increased to 1,26,000 MT per year in September 2007.

