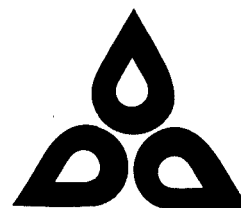


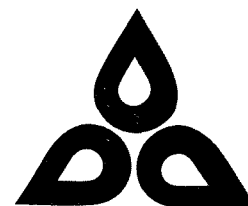
NELCAST
LIMITED



Report  Junction.com

ANNUAL REPORT 2008-09

NELCAST LIMITED



Performance Statistics

Particulars / Years	1985-86	1990-91	1995-96	2000-01	2004-05	2005-06	2006-07	2007-08	2008-09
Production Quantity (MTs)	974	3,426	10,305	23,234	48,228	53,585	65,566	70,399	48,961
Sales (Rs. in Lakhs)	113	692	3,305	6,934	24,087	27,032	35,010	40,366	32,271
EBIDTA (Rs. in Lakhs)	15	110	775	886	2,003	2,210	4,217	4,974	2,297
Profit After Tax (Rs. in Lakhs)	(8)	33	362	147	529	702	1,988	2,602	390
Equity Share Capital (Rs. in Lakhs)	29	36	324	1,125	1,285	1,285	1,305	1,740	1,740
Net Worth (Rs. Lakhs) (Incl. DT)	39	46	827	2,001	3,062	3,459	5,525	16,713	17,007
Gross Fixed Assets (Rs. in Lakhs)	148	263	2,375	5,778	7,608	8,627	10,103	13,848	14,596
Earnings Per Share of Rs. 10	-	0.93	11.18	1.31	4.12	5.46	15.15	14.96	2.17
Cash Earnings Per Share of Rs. 10	-	58.99	12.68	2.89	6.87	8.58	18.69	18.16	6.01
Book Value Per Share (Rs.)	13.47	12.79	25.52	17.79	23.83	26.92	42.33	96.05	97.74
RONW %	-	72.76	43.82	7.34	17.28	20.30	35.98	15.57	2.29
Equity Dividend %	-	-	20.00	5.00	15.00	20.00	30.00	30.00	10.00

Board of Directors

P. RADHAKRISHNA REDDY

Chairman & Managing Director

R. MOHAN REDDY

Director

D. SESA REDDY

Director

P. VIJAYA BHASKAR REDDY

Deputy Managing Director

S.K. SIVAKUMAR

*Chief Financial Officer
& 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



Annual Report 2008 - 09



Annual Report 2008 - 09

CONTENTS

CONTENTS	Page No.
Directors' Report	3
Annexure to the Directors' Report	6
Corporate Governance Report	9
Management Discussion and Analysis	15
Auditors' Report	18
Balance Sheet	22
Profit and Loss Account	23
Schedules to the Balance Sheet	24
Schedules to the Profit and Loss Account	28
Notes to the Accounts	30
Statement of Cash Flows	37
Balance Sheet Abstract and Company's General Business Profile	38
Auditors' Report on Consolidated Accounts	42
Consolidated Accounts	43



DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Seventh Annual Report along with the Audited Accounts for the financial year ended 31st March 2009:

PERFORMANCE

FINANCIAL RESULTS

	2008-09	2007-08
	<i>(Rupees in Lakhs)</i>	
Net Sales	32,270.62	40,365.60
EBIDTA	2,297.07	4,973.34
Profit before Taxes (PBT)	593.29	3,937.73
Less: Provision for Taxes	203.48	1,335.03
Profit After Taxes (PAT)	389.81	2,602.70
Less: Prior Year Adjustments	12.03	0.30
Add: Profit brought forward from previous years	1,751.16	759.48
Profit Available for appropriation	2,128.94	3,361.88
Dividend 10% on Equity Shares	174.00	522.01
Provision for Tax on Dividend	29.57	88.71
Transfer to General Reserve	100.00	1,000.00
Surplus Carried to Balance Sheet	1,825.37	1,751.16

DIVIDEND:

Your Directors recommend a dividend of 10% (Re.1.00 per share) for the financial year 2008-09.

OPERATIONS:

During the year, the Company recorded a sales of Rs.322.71 crores as against Rs.403.65 crores in 2007-08, a reduction of 20%. Profit Before Tax stood at Rs. 5.93 crores as against Rs. 39.38 crores in 2007-08, a substantial reduction while compared to previous year. The Net Profit for the year is Rs.3.90 Crores compared to the previous year's Rs. 26.02 crores. The production during the year was 48,961 MT, compared to the previous year's 70,400 MT.

The overall reduction in Turnover and Profit was due to overall slow down in the economy both in domestic and export market. During the year 2008-09 the auto sector was severely affected all over the world. This has resulted in poor performance of all the auto component industries; Nelcast was not spared from this.

OUTLOOK:

The outlook for the current year is expected to be satisfactory in the domestic market, but in the export market it will take some more time for revival.

CONSOLIDATED FINANCIAL STATEMENTS

The Company has prepared Consolidated Financial Statements of Nelcast Ltd and its subsidiary Nelcast USA Inc as at March 31, 2009, in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.



DIRECTORS' REPORT (Contd.)

As required by Clause 41 of the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are circulated with the Annual Report.

QUALITY AND CUSTOMER SATISFACTION:

The Company totally adheres to the TS 16949 norms, and continuously strives to achieve world class quality by strictly adhering to the quality standards.

The Company has been receiving continuous support from its customers like Tata Motors, Ashok Leyland, TAFE, Mahindra & Mahindra, Eicher Motors, ITL, Eicher Tractors etc., and in exports Arvin Meritor, Dobbie Dico and Wartsila. The growing association with Commercial Vehicle and Tractor majors and the widening spread of the customer base, both in India and abroad, are encouraging the Company to increase its manufacturing facilities and intensify its quality thrust while moving its products up the value chain.

DEPOSITS:

The Company has accepted public deposits during the year. Its deposits as at 31st March 2009 stand at Rs.83.84 lakhs.

DIRECTORS

During the year Mr. J. Joseph, Managing Director and Mr. T.R. Prasad, Independent director resigned from the Company. The Board of Directors wishes to place on record its appreciation of the service and contribution made by them to the Company all through their long tenure in the Company.

As per the Article 128 of the Articles of Association of the Company, Shri.D. Sesha Reddy, Director retires by rotation in this Annual General Meeting and being eligible, offer himself for reappointment.

Mr. P. Radhakrishna Reddy, Chairman was appointed as Managing Director by the Board of Directors at their meeting held on 31st January 2009 for a period of five years from 31.1.2009 to 30.1.2014. The appointment is subject to approval from the Central Government. Your approval is sought for his appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility.

We confirm that:

- In the preparation of the Annual Accounts for the year ended 31st March 2009, all the applicable Accounting Standards had been followed.
- Such Accounting Policies have been selected and applied them consistently and made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period.
- Proper and sufficient care had been taken for the maintenance of adequate Accounting Records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts for the year ended 31st March 2009 have been prepared on a "going concern basis".



DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE

The matters relating to Corporate Governance as per the Listing Agreement are attached to this report. A management discussion and analysis report as required by listing agreement is also enclosed which forms part of this report.

AUDITORS

Your Company's Auditors, M/s. J.B.REDDY & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and they have consented to be re-appointed for the financial year 2009-10. The Company has received a letter from M/s. J.B.Reddy & Co., stating that their appointment as auditors, if made, would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Overall industrial relations during the year were cordial. The Directors place on record their appreciation of the valuable contribution made by the employees of the Company towards the performance and growth of the Company.

PARTICULARS OF EMPLOYEES

Information required as per Section 217 (2A) of the Companies Act, 1959 read with the Companies (Particulars of Employees), Rules 1975, as amended from time to time is given in the Annexure.

DISCLOSURE OF PARTICULARS

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure forming part of this Report.

ACKNOWLEDGEMENTS

The Directors express their sincere appreciation for the dedicated efforts of the employees and cooperation of associates, suppliers and customers. The trust and confidence of the Company's Bankers State Bank of India and IDBI Bank Ltd are deeply acknowledged and appreciated. The Directors place on record their appreciation of the priceless contributions of the Company's management and workforce.

For and on behalf of the Board

Date : 16th May 2009
Place : Chennai

P. Radhakrishna Reddy
 Chairman



Directors' Report – Annexure I

Information as per Section 217(1) (e) of the Companies Act, 1956

A. CONSERVATION OF ENERGY:

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

B. TECHNOLOGICAL ABSORPTION

- | | |
|---|----------------|
| (e) Efforts made in technology absorption : | NOT APPLICABLE |
|---|----------------|

C. FOREIGN EXCHANGE EARNING AND OUTGO:

- | | |
|--|--|
| (f) Activities relating to export initiatives taken to increase, development of new export markets : | Ongoing marketing campaign in the US is expected to yield results in the coming years. |
| (g) Total Foreign Exchange Used : | Rs. 1,548.55 Lakhs |
| Total Foreign Exchange Earned : | Rs. 3,985.77 Lakhs |



Directors' Report – Annexure II

Statement of Particulars of Employees pursuant to Sec 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for financial year ended 31st March 2009.

Name	Age	Designation	Remuneration in Rs	Qualification/ Experience	Date of Employment	Previous Employment, Designation
Mr. P. Vijaya Bhaskar Reddy	53	Dy. Managing Director	63,36,000	B.Com, B.L., F.C.A	1.7.1983	Accounts Officer – Pennar Steels Ltd
Mr. Aaron Taylor *	40	Chief Operating Officer– Machining Division	76,92,570	BS, MBA	1.7.2008	Vice President (Operations) – Allied Chucker and Engineering Company, USA.

* Employed for part of the year





Directors' Report – Annexure III

**Statement pursuant to Section 212 of the Companies Act, 1956,
Relating to the Company's interest in Subsidiary Company:**

1.	Name of the Subsidiary	Nelcast USA Inc.
2.	The financial year of the subsidiary Company ended on	31-3-2009
3.	Extent of Interest of the Holding Company at the end of the financial year of the Subsidiary	100%
4.	Net aggregate amount of Profit (Loss) of the subsidiary as far as they concern the members of Nelcast Limited	
	(i) For the Financial year of Subsidiary	
	(a) Dealt with in the accounts of the Holding Company	NIL
	(b) Not Dealt with in the accounts of the Holding Company	Rs. (3,96,177/-)
	(ii) For the Previous Financial years of Subsidiary	
	(a) Dealt with in the accounts of the Holding Company	NIL
	(b) Not Dealt with in the accounts of the Holding Company	Rs. 61,874/-
5.	As the Financial year of the Subsidiary Company Coincides with that of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable	

Note: The figures in US Dollars as per the Audited Financial Statements of the Subsidiary have been converted into Rupees at appropriate rates of conversion.

For and on behalf of the Board

Date : 16th May 2009
Place : Chennai

P. Radhakrishna Reddy
Chairman