

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Nelcast Limited will be held on Thursday, the 1st August 2013 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year 2012-13.
3. To appoint a Director in the place of Mr. D. Sesha Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT 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:

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

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,74,168/- paid to Mr. P. Deepak, Managing Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.07.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

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

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,26,227/- paid to Ms. P. Divya, Whole-Time Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.04.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Whole-Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

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

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,88,850/- paid to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.04.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Deputy Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board

Place: Chennai
Date: 25th May 2013

Registered Office
No.34, Industrial Estate,
Gudur, Andhra Pradesh - 524 101

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

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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/OFFICE OF THE COMPANY'S REGISTRAR & SHARE TRANSFER AGENT 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 authorizing 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 dematerialized 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 AM and 1 PM up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from 20th July 2013 to 26th July 2013 (both days inclusive).
9. Non-Resident Indian Members are requested to inform the Company's Registrar and Share Transfer Agent, M/s. Bigshare Services 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 forthcoming Annual General Meeting, Mr. D. Sesha Reddy retires by rotation and being eligible offers himself for re-appointment. As per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the information or details pertaining to him is furnished below:

Details of Director seeking Re-Appointment at the Annual General Meeting (in pursuance to clause 49 of the Listing Agreement)

Mr. D. Sesha Reddy aged about 72 years is a Non-Executive Independent Director of the Company. An Arts Graduate and one of the leading Industrialists in Nellore and has wide experience in Industrial field. Mr. D. Sesha Reddy is on the Board of Nelcast Limited since its inception.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Dodla Dairy Ltd.	Nil

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The remuneration payable to Mr. P. Deepak, Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 30th July 2012.

The overall remuneration paid to Mr. P. Deepak, Managing Director, for the period from 01.07.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Mr. P. Deepak, Managing Director is ₹ 5,74,168/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Mr. P. Deepak, Managing Director and Ms. P. Divya, Whole-Time Director, who are related to each other.

Item No. 6

The remuneration payable to Ms. P. Divya, Whole-Time Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 30th July 2012.

The overall remuneration paid to Ms. P. Divya, Whole-Time Director, for the period from 01.04.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Ms. P. Divya, Whole-Time Director is ₹ 5,26,227/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Ms. P. Divya, Whole-Time Director and Mr. P. Deepak, Managing Director who are related to each other.

Item No. 7

The remuneration payable to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 6th August 2011.

The overall remuneration paid to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director, for the period from 01.04.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director is ₹ 5,88,850/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director.

By Order of the Board

Place: Chennai
Date: 25th May 2013

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

Registered Office
No. 34, Industrial Estate,
Gudur, Andhra Pradesh - 524 101

BOARD OF DIRECTORS

D. SESHA REDDY

Chairman

P. DEEPAK

Managing Director

R. MOHAN REDDY

Director

A. BALASUBRAMANIAN

Director

P. DIVYA

Director

P. VIJAYA BHASKAR REDDY

Deputy Managing Director

S.K. SIVAKUMAR

*Chief Financial Officer &
Company Secretary*

AUDITORS

J.B.REDDY & CO.,
Chartered Accountants
206, Srinilaya Estate, Ameerpet,
Hyderabad - 500 073

BANKERS

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

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 - 24983111 Fax: 044 - 24982111
E-Mail: nelcast@nelcast.com Website: www.nelcast.com



Annual Report 2012 - 13

Annual
Report
2012 - 13

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DIRECTORS' REPORT

Your Directors are pleased to present the Thirty first Annual Report along with the Audited Accounts for the financial year ended 31st March 2013:

PERFORMANCE

(₹ in Lakhs)

FINANCIAL RESULTS	<u>2012-13</u>	<u>2011-12</u>
Net Sales	50,759.82	65,309.72
PBIDT	3,486.30	8,244.81
Profit Before Tax (PBT)	2,070.19	6,786.24
<i>Less: Provision for Tax</i>	679.04	2,158.52
Profit After Tax (PAT)	1,391.15	4,627.72
<i>Add: Profit brought forwarded from previous years</i>	3,759.20	2,794.91
Profit Available for Appropriation	5,150.35	7,422.63
Less: Appropriations		
Interim Dividend on Equity Shares	—	870.01
Distribution Tax on Interim Dividend	—	144.50
Final Dividend on Equity Shares	435.01	696.01
Distribution Tax on Final Dividend	70.57	112.91
General Reserve	500.00	1,840.00
Surplus Carried to Balance Sheet	4,144.77	3,759.20

DIVIDEND

Your Directors recommend a final dividend of 25% (₹ 0.50 per share) for the financial year 2012-13 against 40% for the previous year.

OPERATIONS

During the year, the Company recorded Net Sales of ₹ 507.60 crores as against ₹ 653.10 crores in 2011-12, a reduction of about 22%. Profit Before Tax made during the year is ₹ 20.70 crores compared with ₹ 67.86 crores in 2011-12, a substantial reduction compared with previous year. The production during the year was 67953 MT, compared to the previous year's 92913 MT.

The overall reduction in Turnover and Profit was due to slow down in the economy especially in the auto sector. This has resulted in poor performance of most auto component industries, Nelcast was not spared from this.



DIRECTORS' REPORT – (Contd.)

OUTLOOK

The automotive industry in India has been witnessing a slowdown and 2012-13 was a challenging year for the Company in terms of Sales as well as Profit. The long term prospects for the industry remain strong and the industry expects moderate growth in the coming year. The entry and growth of new generation commercial vehicles where the Company enjoys a strong position will further aid the Company's growth. Our entry in to this new generation of vehicles with MNC OEMs will also increase the opportunities for exports. The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. The industry has emerged as one of key auto components centers in Asia and today is seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high value and critical automobile components to global auto market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

CONSOLIDATED FINANCIAL STATEMENTS

During the year, NC Energy Ltd. has become subsidiary company. The Company has prepared Consolidated Financial Statements of Nelcast Limited and its subsidiary NC Energy Ltd. as at 31st March 2013, in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. As required by Clause 41 of the Listing Agreement with Stock Exchanges, the audited Consolidated Financial Statements are circulated with the Annual Report.

QUALITY AND CUSTOMER SATISFACTION

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

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

DEPOSITS

The Company has accepted public deposits during the year. Its deposits as at 31st March 2013 stand at ₹ 155.01 lakhs. There are no overdue deposits as on 31st March 2013.