

27th

**ANNUAL
REPORT
1998-99**

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Welcast Steels Limited

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WELCAST STEELS LIMITED

BOARD OF DIRECTORS

Mr. Vinod Narain - Chairman
Mr. D.P. Dhanuka
Mr. R.P. Agarwal
Mr. Balakrishna F. Shah
Mr. Bahram N. Vakil
Mr. A.S. Mehta
Mr. Pradip R. Shah
Mr. Paryank R. Shah

AUDITORS

M/S. DAGLIYA & Co.
Chartered Accountants
L Block
Unity Building Annexe,
J.C. Road,
Bangalore - 560 002

BANKERS

Canara Bank,
Bangalore.

REGISTERED OFFICE & FACTORY

Plot No. 15, Phase - 1
Peenya Industrial Area,
Bangalore - 560 058


WELCAST STEELS LIMITED
27TH ANNUAL GENERAL MEETING

Date	22nd September 99
Day	Wednesday
Time	4.30 P.M.
Place	The Taj Westend Race Course Road Bangalore - 560 001
Book Closure (Dates)	14th to 30th September 99 (Both days inclusive)

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NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of Welcast Steels Limited, will be held at The Taj Westend, Race Course Road, Bangalore - 560 001 at 16.30 hrs on Wednesday the 22nd Day of September 1999 to transact the following business :

- (1) To receive, consider and adopt the Directors' Report and Audited Balance Sheet of the Company as at 31st March 1999 and Profit and Loss Account for the year ended on that date together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint Director in place of Mr. Balakrishna F. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint Director in place of Mr. Bahram N. Vakil, who retires by rotation and being eligible, offers himself for reappointment.
- (5) To appoint Director in place of Mr. Paryank R. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- (6) To appoint Director in place of Mr. Pradip R. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- (7) To appoint auditors in place of retiring auditors and to fix their remuneration. M/s. Dagliya & Co. the retiring Auditors, are eligible for reappointment.

Place: Bangalore
Date : 28/05/99

By order of the Board
VINOD NARAIN
Chairman

NOTES :

- a) Every Member who is entitled to attend and vote may appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- b) The Register of Members and the share transfer books of the Company will remain closed from 14th to 30th of September 1999 (both days inclusive).
- c) The Dividend, when declared, will be paid on or before 2nd November 1999 to those members whose names appear in the Register of Members as on 22nd September 1999.



DIRECTORS' REPORT

Your Directors present the twenty-seventh Annual Report together with Audited Accounts of the Company for the year ended 31st March 1999.

FINANCIAL RESULTS

Particulars	1998-99 Rs. in Lacs	1997-98 Rs. in Lacs
Gross Revenue	1,512.30	1,567.38
Gross Profit	245.75	136.64
Less		
Financial Charges	44.77	50.43
Depreciation for the year (Net of withdrawal from revaluation reserve)	50.26	58.25
Profit after Interest and Depreciation	150.72	27.96
Provision for tax	58.00	10.50
Post-tax profit	92.72	17.46
Add – Carried over credit balance in P & L a/c	57.19	47.64
Resultant profit against which the following adjustments are made/recommended :	149.91	65.10
Transfer to General Reserve	23.18	—
Dividend on equity shares	12.76	7.19
Tax on dividend	1.40	0.72
Balance to be carried forward a sum of	112.57	57.19

REVIEW OF PERFORMANCE

PRODUCTION

Although the recession in the cement industry, as reported last year, continued this year also the Company maintained and improved its profit margin by judicious and strict economy measures and reduction in the cost. The final result is reflected in improved profitability despite the reduction in production during the year under review. During the year your Company produced 4,820 tons of Grinding Media as against 5,756 tons in the previous financial year.

DIVIDEND

Keeping in view the improved financial results, your Directors are pleased to recommend dividend at the rate of 20%.

SALES & PROSPECTS

As against the sale of 5,578 tons during the previous year the Company could sell 5,055 tons of Grinding Media during the year under review. However, sales revenue was only marginally lower as compared to the previous year.

Indications are that the Cement Industry is in its revival frame and the current year is expected to show better demand for your Company's products. With the reputation of good quality, your Company is expected to maintain and improve its market share.

EXPORT

The Company was able to export 755 tons of Grinding Media during the year as against 715 tons in the previous year, thus recording higher export revenue at Rs. 253.70 lacs as against Rs. 240.25 lacs during the previous year. Efforts to improve the export performance are continuing.



DIRECTORS' REPORT (Contd.)

FINANCE

The liquidity position of the Company remained satisfactory. Canara Bank extended its full co-operation to the Company.

SCIENTIFIC RESEARCH

With the aim of expanding the Company's export market, the R&D section continued to be active in developing international standard of quality in all its products. New grades are being developed for specific applications for better performance.

EMPLOYEE RELATIONS

The relationship with the employees remained cordial.

DIRECTORS

Messrs Balakrishna F. Shah, Bahram N. Vakil, Paryank R. Shah and Pradip R. Shah retire by rotation and are eligible for reappointment.

GENERAL

Information required under section 217 (2-A) of the Companies Act of 1956 :-

Number of employee employed by the Company during the financial year under review drawing a remuneration in aggregate of not less than Rs. 600,000/- per annum or Rs. 50,000/- per month — Nil.

Particulars as required under listing agreement Clause 43 & 49 are furnished as Annexure – II to this report and form a part thereof.

The relevant notes on the accounts and significant accounting policy contained elsewhere in this Annual Report are self explanatory with regard to the observations of the Auditors.

ANNEXURE – I TO DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

With strict control on consumption of energy, power consumption has been brought down to 1,332 units / ton as against 1,410 units / ton during the previous year.

	1998-99	1997-98
1) POWER AND FUEL CONSUMPTION		
a) Electricity		
i) Units Purchased	4,440,660	2,643,700
Amount (Rs.)	17,841,869	10,663,996
Rate / unit (Rs.)	4.02	4.03
ii) Own generation - Diesel Generator		
Units generated	2,139,953	5,474,958
Units generated per litre of Diesel	3.13	3.17
Cost / unit (Rs.)	3.19	3.41
2) CONSUMPTION PER UNIT OF PRODUCTION (PRODUCT - GRINDING MEDIA)		
a) Electricity Units	1,332	1,410