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32nd

**ANNUAL
REPORT
2003-2004**



Welcast Steels Limited



WELCAST STEELS LIMITED

BOARD OF DIRECTORS

Mr. Vinod Narain - Chairman
Mr. D.P. Dhanuka
Mr. R.P. Agarwal
Mr. Bhadresh K. Shah
Mr. A.S. Mehta
Mr. Pradip R. Shah
Mr. Paryank R. Shah (Resigned w.e.f. 02.06.03)

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

SHARE TRANSFER AGENT

Bigshare Services P. Ltd.,
E-2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (E) MUMBAI- 400 072.


WELCAST STEELS LIMITED
32ND ANNUAL GENERAL MEETING

Date	29th September 2004
Day	Wednesday
Time	4.00 P.M.
Place	"THE CAPITOL" HOTEL No. 3, Raj Bhavan Road, Bangalore -560 001
Book Closure (Dates)	16th to 30th September 2004 (Both days inclusive)

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NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of Welcast Steels Limited, will be held at "The Capitol" Hotel, No. 3, Raj Bhavan Road, Bangalore-560 001 at 16-00 hrs on Wednesday the 29th Day of September 2004 to transact the following business:

- (1) To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company and Profit and Loss Account for the year ended on 31st March 2004 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Vinod Narain, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. D.P.Dhanuka, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Pradip R. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (6) To appoint a Director in place of Mr. Bhadresh K.Shah, who retires by rotation and who, 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, who being eligible, offer themselves for reappointment.

Place : Bangalore

By order of the Board of Directors

Date : 30.06.2004

VINOD NARAIN

Chairman

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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 16-09-2004 TO 30-09-2004 (BOTH DAYS INCLUSIVE).



DIRECTORS' REPORT

Your Directors present the thirty second Annual Report together with Audited Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

Rs in Lakhs

Particulars	2003-04	2002-03
Gross Revenue	5515.48	3176.45
Gross Profit	522.76	301.20
Less: Financial Charges	82.85	55.14
Depreciation for the year (Net of withdrawal from revaluation reserve)	212.82	165.44
Profit after Interest and Depreciation	227.09	80.62
Provision for tax:		
Current taxation for the year	80.63	11.00
Deferred taxation for the year	(0.89)	18.74
Post-tax Profit	147.35	50.88
Add Taxation adjustments of earlier year	0.61	-
Total	147.96	50.88
Add- Carried over credit balance in P&L a/c	429.82	386.28
Resultant profit against which the following adjustments are made/recommended:	577.78	437.16
Transfer to General Reserve	3.70	Nil
Dividend on equity shares	6.38	6.38
Tax on proposed dividend	0.82	0.96
Balance to be carried forward a sum of	566.88	429.82

REVIEW OF PERFORMANCE

1. PRODUCTION

During the year under review, the company achieved a production of 17,285 tons of Grinding Media, higher by 41.63% over the previous year's production of 12,204 tons.

2. EXPANSION

The export market looking promising, the production capacity of the Company is now being planned to be increased from the previous 29,000 tons p.a. to 42,000 tons p.a. Adequate arrangement to meet the power requirement for the anticipated full production has been made.

3. DIVIDEND

Keeping in view the financial commitments towards investment in increasing the production capacity and the financial health of the company, your Directors are pleased to recommend a dividend of 10%.

4. SALES & PROSPECTS

As assured last year the Company's sales have shown commendable improvement by selling 17,158 tons of Grinding Media in the year under review as against 12,284 tons during the previous year, thus registering an increase of about 40%. Correspondingly the sales revenue was also higher at Rs 5,476.16 lacs as against Rs 3,155.60 lacs. Order book position for the current year is comfortable.

5. EXPORTS

The Company is happy to inform that its efforts in capturing the export market have been fruitful. More than 50% of the sales revenue for the year under review has been by exports alone. With further aggressive export drive the current year is likely to show further improvement in the export revenue.

6. FINANCE

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



DIRECTORS' REPORT (Contd..)

7. SCIENTIFIC RESEARCH

In-house Research & Development has helped greatly in developing new grades of Grinding Media. Improvement in heat treatment process have resulted in a quality of Grinding Media which is highly wear resistant and the products have been well received in the market. The Company's R&D section is continuing its active role in constantly monitoring the existing technology to bring down the cost and improve the wear rate further to give customers the benefit of cost reduction.

8. EMPLOYEE RELATIONS

An amicable labour settlement was reached during last year and is valid upto 31st December 2005. The management and employee relations remained cordial.

DIRECTORS

Messrs Vinod Narain, D.P.Dhanuka, Pradip R. Shah, and Bhadrash K.Shah retire by rotation and are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the directors have prepared the accounts for the financial year ended 31st March, 2004 on a going concern basis.

GENERAL

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

Number of employees employed by the Company during the financial year under review drawing a remuneration in aggregate of not less than Rs. Twenty Four Lakhs per annum or Rs.Two Lakhs per month—NIL

2. Particulars as required under listing agreement Clause 49 is furnished as Annexure-I to this report and form a part thereof.
3. Certificate from a Company Secretary under proviso to section 383A of the Companies Act is attached as Annexure II to this report.
4. The relevant notes on the accounts and accounting policy contained elsewhere in this Annual Report are self-explanatory with regard to the observations of the Auditors.

Place : Bangalore
Date : 30.06.2004

For and on behalf of the Board of Directors

VINOD NARAIN
Chairman



ANNEXURE-I TO DIRECTORS' REPORT

Particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31.3.2004.

I. CONSERVATION OF ENERGY

Consumption of power per unit of production has been brought down by implementing strict controls to conserve energy.

1. POWER AND FUEL CONSUMPTION

Electricity

	2003-04	2002-03
i) Units Purchased	2,96,51,940	1,56,41,270
Total Amount in Rs.	9,43,69,170	6,43,11,827
Rate / Unit (Rs.)	4.57	4.11
ii) Units Generated	20,97,174	5,33,995
Unit generated /Litre of Diesel	3.12	3.27
Cost/Units (Rs.)	6.87	5.97
2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT: GRINDING MEDIA)		
Electricity Units	1,311	1,337

II. RESEARCH AND DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

- Development of new grades of Grinding Media for improving wear resistance.
- Improvement in process control and quality control systems.
- Improvement in pollution control systems.

2. BENEFITS DERIVED

- Special grades of Grinding Media manufactured and sold.
- Improvement of quality
- Better working environment.

3. FUTURE PLAN OF ACTION

- Reduction of manufacturing Cost.
- Further improvement in working environment.

III. TECHNOLOGY ABSORPTION AND INNOVATION

1. EFFORTS MADE

- Introduction of special heat treatment technology
- Standardization of new moulding technology



ANNEXURE-I TO DIRECTORS' REPORT (Contd..)

2. BENEFITS

- a) Better wear resistant Grinding Media developed.
- b) Improvement in quality and lower rejection.

3. PARTICULARS OF TECHNOLOGY IMPORTED DURING THE LAST 5 YEARS - NIL

4. EXPENDITURE ON R&D

Rs. In Lakhs

a) Capital	NIL
b) Revenue	2.48
Total	2.48
Total R&D Expenditure as a percentage of total turnover (%)	0.05%

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs.in Lakhs

1. EARNINGS

Foreign exchange earned.	2422.90
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2. OUTGO

a) CIF Value of Imports	192.94
b) Expenditure in Foreign Currency on -	
Dividend Payment	1.20
Travelling	1.44
Technical consultancy	7.96

V. PARTICULARS IN COMPLIANCE WITH THE LISTING AGREEMENT:

CLAUSE 49

- a) The security of the Company is not suspended from trading in any stock exchanges wherever it is listed.
- b) Name and address of the stock exchange where the securities are listed:

Bangalore Stock Exchange Ltd.,
Stock Exchange Towers,
No.51, 1st Cross, J C Road
Bangalore - 560 027.

ISIN - INE 380G01015

Central Depository Services (India) Limited.
Phiroze Jeejeebhay Towers, 28th Floor,
Dalal Street, Mumbai - 400 001.

The Stock Exchange-Mumbai,
Phiroze Jeejeebhay Towers,
25th Floor, Dalal Street,
Mumbai - 400 001.

ISIN - INE 380G01015

National Security Depository Ltd.
Trade World, Kamala Mills
Compound, Senapathi Bapat Marg,
Lower Parel, Mumbai-400 013

The Company has paid the listing fees for the financial year 2004-2005 to all the Stock exchanges wherever its securities are listed.



ANNEXURE-II TO DIRECTORS' REPORT

To,

The Members

WELCAST STEELS LIMITED

I have examined the registers, records, books and papers of **WELCAST STEELS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2004. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met seven times on 3.06.2003, 4.07.2003, 5.08.2003, 31.10.2003, 17.12.2003, 23.01.2004 and 11.03.2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 16.09.2003 to 30.09.2003 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2003 was held on 30.09.2003 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. Extra Ordinary General Meeting was held on 23.01.2004 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes book maintained for the purpose.
8. According to the information and explanations given to me, the company has not advanced loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. According to the information and explanations given to me, no appointment has been made necessitating the company to obtain necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever applicable.
12. The Board of Directors has approved/ratified the issue of duplicate share certificates.
13. The Company has:
 - i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - ii) deposited the amount of dividend declared in a separate bank account on 3.10.2003 which is within five days from the date of declaration of such dividend.
 - iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been remained in the Unpaid Dividend Account of the Company with Canara Bank, IFB Branch, Bangalore.
 - iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. There was no requirement of appointing of a Managing Director/ Whole-time Director/Manager under the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government.



ANNEXURE-II TO DIRECTORS' REPORT (Contd..)

16. According to the information and explanations given to me, the company has not appointed any sole-selling agent.
17. The Company has no requirement necessitating to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the year under scrutiny.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued shares/debentures/other securities during the financial year.
20. The Company has not bought back shares during the financial year ending 31.03.2004.
21. The Company has no redeemable preference shares/debentures due for redemption during the year under scrutiny.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. According to the information and explanations given to me, the Company has not accepted any deposits from the public during the year under review.
24. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31.03.2004 are within the borrowing limits of the company and that necessary resolutions as per section 292(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 30.08.2001.
25. According to the information and explanations given to me, the company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has altered the provisions of the memorandum with respect to authorised share capital clause.
30. The Company has altered the clauses of its Articles of Association during the financial year in respect of :
 - (i) authorised share capital.
 - (ii) preference share capital.
 - (iii) demating the shares of the company.
31. According to the information and explanations given to me, no prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed.
32. According to the information and explanations given to me, the company has not received security from its employees during the year under certification.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place : Bangalore
Date : 30.06.2004

Signature:
(R.C. VENKATESH RAO)
Name of Company Secretary
C. P. No.: 2733