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33rd

**ANNUAL
REPORT
2004-2005**



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. Pradip R. Shah

AUDITORS

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

BANKERS

Canara Bank,
Bangalore.
State Bank of India
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
33RD ANNUAL GENERAL MEETING

Date	29th September 2005
Day	Thursday
Time	4.00 P.M.
Place	"THE CAPITOL" HOTEL No. 3, Raj Bhavan Road, Bangalore -560 001
Book Closure (Dates)	16th to 30th September 2005 (Both days inclusive)

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NOTICE

NOTICE is hereby given that the Thirty Third 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 Thursday, the 29th Day of September 2005 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 2005 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. R.P. Agarwal, 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. Bhadrash 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 : 29.06.2005

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 16.09.2005 TO 30.09.2005 (BOTH DAYS INCLUSIVE).**



DIRECTORS' REPORT

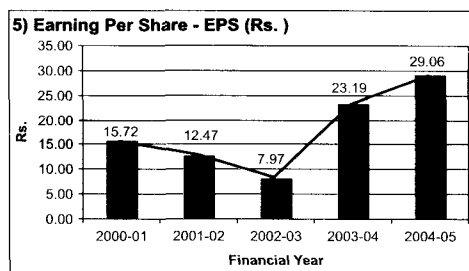
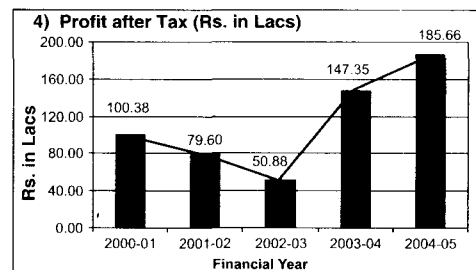
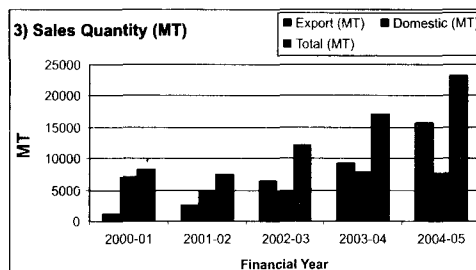
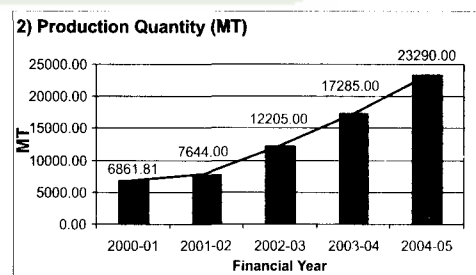
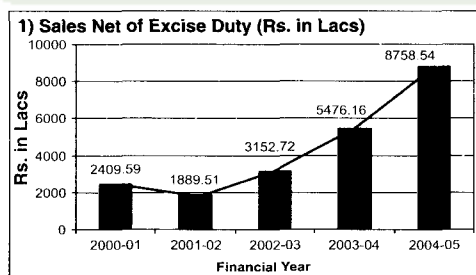
Your Directors present the Thirty Third Annual Report together with Audited Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

Particulars	2004-05 Rs. in Lacs	2003-04 Rs. in Lacs
Gross Income	9267.34	5900.25
Less: Excise duty	508.79	424.09
Net Income	8758.55	5476.16
Profit before Interest and Depreciation.	627.57	522.76
Less: Interest	116.75	82.85
Profit before Depreciation	510.82	439.91
Depreciation for the year (Net of withdrawal from revaluation reserve)	219.44	212.82
Profit after Interest and Depreciation	291.38	227.09
Provision for tax:		
Current taxation for the year	119.00	80.63
Deferred taxation for the year	(13.28)	(0.89)
Profit for the year	185.66	147.35
Add Taxation adjustments of earlier year	(0.23)	0.61
Total	185.43	147.96
Balance profit for earlier years	566.88	429.82
Profit available for appropriation	752.31	577.78
Transfer to General Reserve	4.65	3.70
Dividend on equity shares	7.66	6.38
Tax on proposed dividend	1.07	0.82
Balance to be carried forward a sum of	738.93	566.88

REVIEW OF PERFORMANCE

Your Company has shown all-round improvement in production, sales, turnover, exports and EPS. In order to demonstrate the comparative performance the charts are being given hereunder :





DIRECTORS' REPORT (Contd..)

1. PRODUCTION

During the year under review your Company produced 23,290 tons of Grinding Media as compared to 17,285 tons in the previous year, thus registering an increase of about 35%. This was possible to achieve because of the sustained efforts of matching the electrical power availability and co-ordinating other manufacturing facilities like labour and raw-materials.

2. EXPANSION

As was reported to you in the last year's review, the production capacity of your Company was targeted to be increased to 42000 tons p.a. Adequate arrangements for the power requirement having been made and other infrastructure having been put in position the Company is confident of achieving the targeted capacity of 42000 tons p.a. by the third quarter of the current year.

3. DIVIDEND

Your Directors have recommended a dividend of 12% (Rupees 1.20 per share).

4. SALES & PROSPECTS

In spite of phenomenal increase in the input and other manufacturing costs your Company was able to maintain its competitive edge and was able to sell 23,308 tons of Grinding Media during the year as compared to 17,158 tons during the previous year, higher by about 36%. Correspondingly the sales revenue was higher at Rs.8758.55 lacs as against 5476.16 lacs during the previous year. The Company's order book position is comfortable. Barring unforeseen circumstances and the supplemental production capacity being available from third quarter of the current financial year, your Company is hoping to improve its performance further.

5. EXPORTS

In spite of global competition, your Company was able to export 15,794 tons of Grinding Media during the year under review as compared to the previous year 7,793 tons. Correspondingly the export earning increased by 97% over previous year. Because of the sustained good quality of your Company's products, your Company has established itself as a major player in the global market for supply of Grinding Media for multiple applications. Further improvement in export is expected in future.

6. FINANCE

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

7. SCIENTIFIC RESEARCH

With the sustained effort of the Company's R&D section, your Company was able to contain the production cost at economical level and has helped the Company in maintaining its competitive edge. The R & D section has been updated to take on a task of further improving the technology absorption and monitoring the costs. This section is expected to play an important role in your Company's improvement in future.

8. EMPLOYEE RELATIONS

The relationship with the employees remains cordial.

DIRECTORS

Messrs R.P. Agarwal, 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 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments 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;



ANNEXURE-I TO DIRECTORS' REPORT

- iv) That the directors have prepared the accounts for the financial year ended 31st March, 2005 on a going concern basis.

GENERAL

- 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
- Particulars as required under listing agreement Clause 49 is furnished as Annexure-I to this report and form a part thereof.
- Certificate from a Company Secretary under proviso to section 383A of the Companies Act is attached as Annexure II to this report.
- 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.
- Annexures I, II and III form an Integral part of this report.

Place : Bangalore
Date : 29.06.2005

For and on behalf of the Board of Directors

VINOD NARAIN
Chairman

ANNEXURE – I

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 31.3.2005.

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

	2004-05	2003-04
i) Units Purchased	2,47,65,660	2,06,51,940
Total Amount in Rs.	11,47,73,839	9,43,69,170
Rate / Unit (Rs.)	4.63	4.57
ii) Units Generated	54,82,036	20,97,174
Unit generated /Litre of Diesel	3.75	3.12
Cost/Units (Rs.)	4.23	6.87
2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT: GRINDING MEDIA)		
Electricity Units	1,293	1,311

II. RESEARCH AND DEVELOPMENT

- SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY
 - Development of different grades of Grinding Media for specific applications for export Market.
 - Cost reduction/ Substitution of alternate input materials.
 - Pollution control/Safety.
- BENEFITS DERIVED**
 - New Grades of Grinding Media introduced in Export Market.
 - Reduction in manufacturing cost.
 - Improvement in working atmosphere/ Better productivity.
- FUTURE PLAN OF ACTION**
 - Process improvement/Automation.
 - Cost reduction.



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

III. TECHNOLOGY ABSORPTION AND INNOVATION

1. EFFORTS MADE

- a) New moulding process established
- b) Better yield patterns introduced.

2. BENEFITS

- a) Increase in productivity of High Value Items.
- b) Reduction in manufacturing cost.

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

4. EXPENDITURE ON R&D

Rs. In Lakhs

a) Capital	NIL
b) Revenue	3.00
Total	3.00

Total R&D Expenditure as a percentage of total turnover (%) 0.03%

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs.in Lakhs

1. EARNINGS

Foreign exchange earned. 2,602.29

2. OUTGO

a) CIF Value of Imports	600.12
b) Expenditure in Foreign Currency on -	
Dividend Payment	0.60
Travelling	1.19

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.
SCRIPT CODE NO 504988

ISIN – INE 380G01015

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

The Stock Exchange-Mumbai,

Phiroze Jeejeebhai 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 2005-2006 to all the Stock exchanges wherever its securities are listed.



ANNEXURE-II TO DIRECTORS' REPORT

SECRETRIAL COMPLIANCE CERTIFICATE

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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2005 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 there under 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 there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met six times on 30.06.2004, 29.07.2004, 29.09.2004, 29.10.2004, 09.11.2004, and 25.01.2005 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 16.09.2004 to 30.09.2004 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2004 was held on 29.09.2004 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.
7. 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.
8. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
9. The Company has made necessary entries in the register maintained under section 301 of the Act.
10. 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.
11. The Board of Directors has approved / ratified the issue of duplicate share certificates.
12. 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 4.10.2004 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.
 - v) Transferred the amounts in unpaid dividend account, for the financial year 1996-97 which have remained unclaimed or unpaid to Investor Education and Protection Fund on 8.10.2004 vide R.O.C receipt no.395417 dated 18.10.2004. There are no pending application money due for refund, matured deposit, matured debentures and the interest



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

accrued thereon which are remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.

13. 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.
14. 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.
15. According to the information and explanations given to me, the company has not appointed any sole-selling agent.
16. 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.
17. 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 there under.
18. The Company has not issued shares / debentures / other securities during the financial year.
19. The Company has not bought back shares during the financial year ending 31.03.2005.
20. The Company has no redeemable preference shares / debentures due for redemption during the year under scrutiny.
21. 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.
22. According to the information and explanations given to me, the Company has not accepted any deposits from the public during the year under review.
23. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31.03.2005 are within the borrowing limits of the company.
24. 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.
25. 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.
26. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
29. The Company has not altered of its Articles of Association during the financial year under scrutiny.
30. According to the information and explanations given to me, no prosecution was 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.
31. According to the information and explanations given to me, the company has not Received security deposit from its employees during the year under certification.
32. 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 : 29.06.2005

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