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35th

**ANNUAL
REPORT
2006-2007**



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
Mr. Rajendra S. Shah (w.e.f. 23.05.2007)
Mr. Sanjay Shailesh Majmudar (w.e.f. 23.05.2007)

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

35TH ANNUAL GENERAL MEETING	
Date	20th September 2007
Day	Thursday
Time	4.00 P.M.
Place	"THE GRAND ASHOK" Kumara Krupa High Grounds Bangalore - 560 001
Book Closure (Dates)	6th to 20th September 2007 (Both days inclusive)



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NOTICE

NOTICE is hereby given that the Thirty-fifth Annual General Meeting of Welcast Steels Limited, will be held at "THE GRAND ASHOK" Kumara Krupa, High Grounds, Bangalore-560 001 at 16.00 hrs on 20th Day of September 2007 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 2007 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. D. P. Dhanuka, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Pradip R. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint auditors in place of retiring auditors and to fix their remuneration.

SPECIAL BUSINESS:

- (6) To appoint a Director in place of Mr. Rajendra S. Shah who was appointed as an Additional Director of the Company and who holds office of the Director only upto this Annual General Meeting under section 260 of the Companies Act, 1956. Being eligible, he offers himself for election and hence to consider and if thought fit, to pass the following resolution as an ordinary resolution with or without modification.

"RESOLVED that due notice in writing signifying the intention of a member to propose Mr. Rajendra S. Shah as a Director having been received, pursuant to the provisions of section 257 and other relevant provisions of the Companies Act, 1956, Mr. Rajendra S. Shah be and is hereby appointed as a Director of the company liable to retire by rotation"

- (7) To appoint a Director in place of Mr. Sanjay Shailesh Mazmudar who was appointed as an Additional Director of the Company and who holds office only upto this Annual General Meeting under section 260 of the Companies Act, 1956. Being eligible, he offers himself for election and hence to consider and if thought fit, to pass the following resolution as an ordinary resolution with or without modification.

"RESOLVED that due notice in writing signifying the intention of a member to propose Mr. Sanjay Shailesh Mazmudar as a Director having been received, pursuant to the provisions of section 257 and other relevant provisions of the Companies Act, 1956, Mr. Sanjay Shailesh Mazmudar be and is hereby appointed as a Director of the company liable to retire by rotation"

Place : Bangalore
Date : 15/07/2007

By order of the Board of Directors
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 06/09/2007 to 20/09/2007 (both days inclusive).
- C) The relevant explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the annual general meeting is annexed here to
- D) The dividend, when declared will be paid on or before 18th October 2007 to those members whose name appear in the register of members as on 20th September 2007.

**NOTICE (Contd..)**

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

ITEM NO. 6:

Mr. Rajendra S. Shah was co-opted to the Board on and with effect from 23rd May 2007 and hence he holds office only upto this Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 along with the requisite deposit, signifying his intention to propose the name of Mr. Rajendra S. Shah as a candidate for the office of Director.

Mr. Rajendra S. Shah is currently Chairman and Managing Director of Harsha Engineers Limited and also a Director in AIA Engineering Limited. He is a B.E. (Mech.) graduate and possesses rich and varied experience in Administration and Finance. The Directors consider that his association at the Board level would be of a large value to the Company. None of the Directors except Mr. Rajendra S. Shah is in any way concerned or interested in this resolution.

ITEM NO. 7:

Mr. Sanjay Shailesh Majmudar was co-opted to the Board on and with effect from 23rd May 2007 and hence he holds office only upto this Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 along with the requisite deposit, signifying his intention to propose the name of Mr. Sanjay Shailesh Majmudar as a candidate for the office of Director.

Mr. Sanjay Shailesh Majmudar is B.Com. LLB, FCA and ACS and is a Practicing Chartered Accountant. He has got extensive experience and expertise in the field of Corporate Laws, Direct Tax Laws, Financial Advisory Services, Debt Syndications, Project Finance, International Taxation Planning, M & A etc. He has contributed Papers and participated as Speaker on Corporate Laws in Seminars and conferences hosted by ICAI and CA Association, Ahmedabad. He is also a regular Speaker in the SMTP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter. He is also a Director in AIA Engineering Limited. The Directors consider that his association at the Board level would be of a large value to the Company. None of the Directors except Mr. Sanjay Shailesh Majmudar is in any way concerned or interested in this resolution.



DIRECTORS' REPORT

Your Directors present the Thirty-fifth annual report together with Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

Particulars	2006-07 Rs. in Lacs	2005-06 Rs. in Lacs
Gross Income	14,549.58	12,881.81
Less : Excise duty	1,216.82	1,191.93
Net Income	13,332.76	11,689.88
Profit before Interest and Depreciation.	787.52	1,103.79
Less : Interest	103.96	122.12
Profit before Depreciation	683.56	981.67
Depreciation for the year. (Net of withdrawal from revaluation reserve)	344.84	304.28
Profit after Interest and Depreciation	338.72	677.39
Provision for tax:		
Current taxation for the year	154.00	274.70
Deferred taxation for the year	(33.28)	(28.53)
Less : Prior period adjustments	2.56	(0.00)
Profit for the year	215.44	431.22
Add : Taxation adjustments of earlier year	9.80	0
Total	225.24	431.22
Balance profit for earlier years	1,144.61	738.94
Profit available for appropriation	1,369.85	1,170.16
Transfer to General Reserve	40.00	11.00
Dividend on equity shares	12.76	12.76
Tax on proposed dividend	1.81	1.79
Balance to be carried forward a sum of	1,315.28	1,144.61

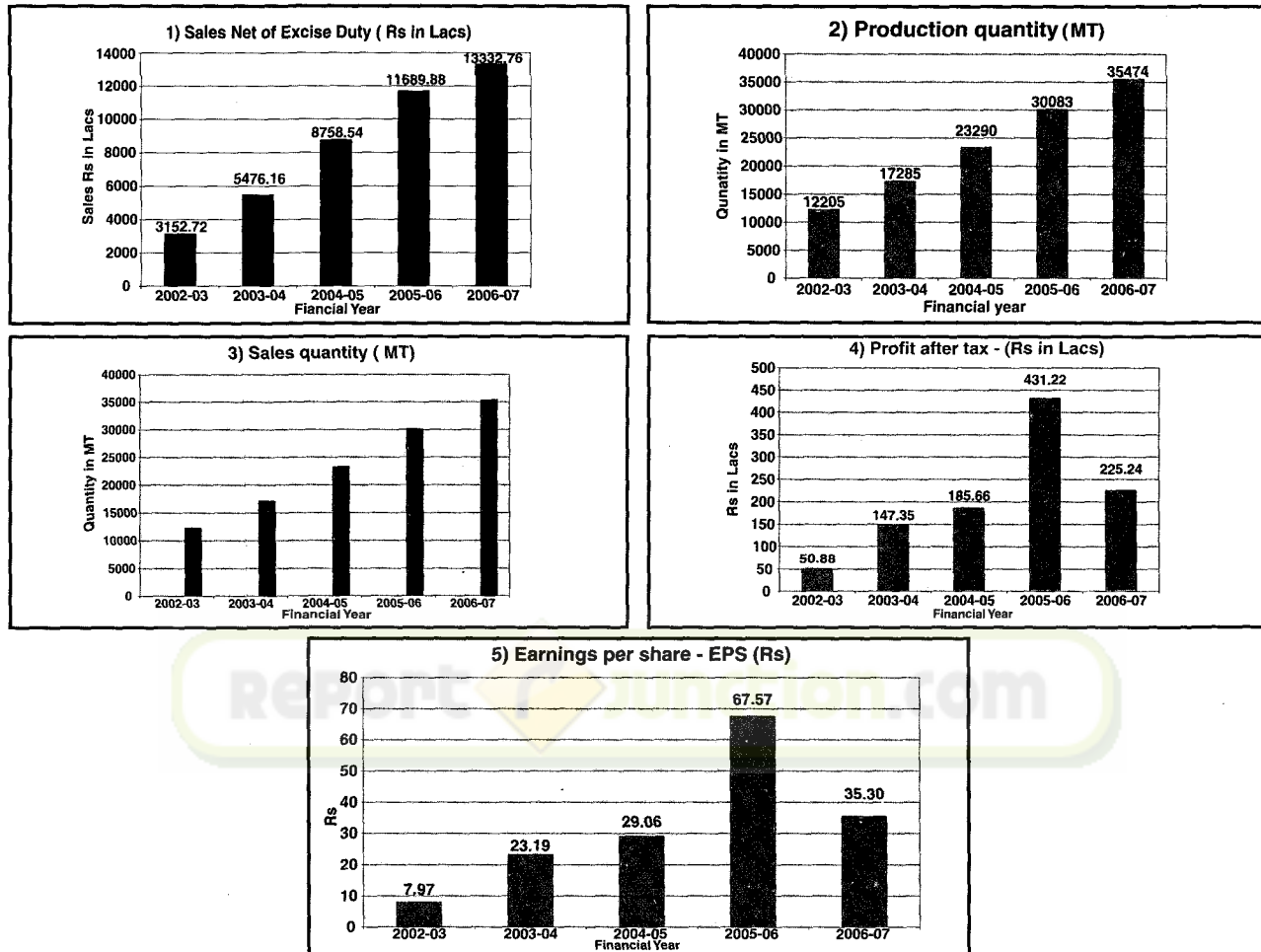
PERFORMANCE HIGHLIGHTS

Your Company has shown appreciable improvement in production and sales turnover in the year under review. However, the unprecedented rise in the input costs, mainly Steel Scrap, Ferro Chrome and Furnace Oil had adverse effect on the profitability. The prices of these items continued to rise steeply from month to month but since the Company's products are mostly sold on annual contract basis, equivalent price increase from the clients did not come through.



DIRECTORS' REPORT (Contd..)

Comparative performance charts for production sales profit and EPS are given hereunder:





DIRECTORS' REPORT (Contd..)

1. PRODUCTION

During the year under review your Company produced 35,474 tons of Grinding Media as compared to 30,083 tons in the previous year, registering an increase of about 18%.

2. SALES & PROSPECTS

The Company sold 35,370 tons of Grinding Media during the year under review as against 30,149 tons in the previous year, higher by about 17%. Correspondingly the sale revenue was higher at Rs.13332.76 lacs as against Rs.11689.88 lacs in the previous year. The Company continues to maintain its competitive edge in the market due to superior quality of its products and its order book is comfortable.

3. DIVIDEND

Your Directors are pleased to recommend a dividend of 20% (Rs.2.0 per share).

4. FINANCE

The liquidity position of the Company remained satisfactory. Canara Bank and State Bank of India extended their full co-operation to the Company.

5. SCIENTIFIC RESEARCH

The R & D Section of the Company focused its attention on developing innovative manufacturing techniques to reduce cost and improve quality. Based on the regular feed back from the clients, this section has been carrying out critical studies for improvement of the product performance. With the sustained efforts of R & D section in imparting in-house training to the Executives for monitoring quality at every stage of manufacturing and keeping overall vigil, the Company has been able to meet the ever growing expectations of its clients for better quality of products.

6. EMPLOYEE RELATIONS

The relationship with the employees remained cordial. An amicable labour settlement was reached during last year and is valid up to 31st December, 2008.

DIRECTORS

Messrs D.P.Dhanuka and Pradip R. Shah retire by rotation and are eligible for re-appointment.

Messrs Rajendra S. Shah and Sanjay Shailesh Mazmudar have been co-opted as additional Directors under section 260 of the Companies Act 1956, and as such they hold office until the conclusion of this Annual General Meeting. Being eligible, both these directors offer themselves for election.

AUDITORS

Messrs Dagliya & Company, Chartered Accountants, retire at this Annual General Meeting and who being eligible offer themselves for reappointment.

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 2007, 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 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, 2007 on a going concern basis.