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# 36<sup>th</sup>

**ANNUAL  
REPORT  
2007-2008**



**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  
Mr. Sanjay Shailesh Majmudar

### **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  
Phone : 080 - 28394058, 28394059  
E-mail : [info@welcaststeels.com](mailto:info@welcaststeels.com)  
Web : [www.welcaststeels.com](http://www.welcaststeels.com)

### **SHARE TRANSFER AGENT**

Bigshare Services P. Ltd.,  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Saki Naka  
Andheri (E), MUMBAI- 400 072.  
Phone : 022 - 28470652, 40430200  
E-mail : [info@bigshareonline.com](mailto:info@bigshareonline.com)


**WELCAST STEELS LIMITED**
**36TH ANNUAL GENERAL MEETING**

Date	19th September 2008
Day	Friday
Time	4.00 P.M.
Place	<b>The Taj Westend,</b> No 23, Race Course Road, Bangalore- 560 001
Book Closure (Dates)	6th to 19th September 2008 (Both days inclusive)


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## NOTICE

**NOTICE** is hereby given that the Thirty-sixth Annual General Meeting of the members of Welcast Steels Limited, will be held at The Taj Westend, No 23, Race Course Road, Bangalore- 560 001 at 16.00 hrs on Friday, the 19<sup>th</sup> Day of September 2008 to transact the following business:

### ORDINARY 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 31<sup>st</sup> March 2008 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Bhadresh K. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Vinod Narain who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. R P Agarwal who retires by rotation and who, being eligible, offers himself for reappointment.
- (6) To appoint auditors in place of retiring auditors and to fix their remuneration.

Place : Bangalore  
Date : 27-05-2008

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 06/09/2008 to 19/09/2008 (both days inclusive).
- C) The dividend, when declared will be paid on or before 17th October 2008 to those members whose names appear in the register of members as on 19th September 2008.



## DIRECTORS' REPORT

Your Directors present the Thirty-Sixth report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2008

### FINANCIAL RESULTS

Particulars	2007-08 Rs. in Lacs	2006-07 Rs. in Lacs
<b>Gross Income</b>	<b>16,857.80</b>	14,549.58
Less: Excise duty	<b>1,552.25</b>	1,216.82
Net Income	<b>15,305.55</b>	13,332.76
Profit before Interest and Depreciation.	<b>766.59</b>	787.52
Less: Interest	<b>128.90</b>	103.96
Profit before Depreciation	<b>637.69</b>	683.56
Depreciation for the year. (Net of withdrawal from revaluation reserve)	<b>307.16</b>	344.84
Profit after Interest and Depreciation	<b>330.53</b>	338.72
Provision for tax:		
Current taxation for the year	<b>145.00</b>	154.00
Deferred taxation for the year	<b>(21.74)</b>	(33.28)
Less: Prior period adjustments	<b>1.49</b>	2.56
Profit for the year	<b>205.78</b>	215.44
Add : Taxation adjustments of earlier year	<b>2.43</b>	9.80
<b>Total</b>	<b>208.21</b>	225.24
Balance profit for earlier years	<b>1,315.28</b>	1,144.60
Profit available for appropriation	<b>1,523.49</b>	1,369.85
Transfer to General Reserve	<b>20.00</b>	40.00
Dividend on equity shares	<b>12.76</b>	12.76
Tax on proposed dividend	<b>2.17</b>	1.81
Balance to be carried forward a sum of	<b>1,488.56</b>	1,315.28

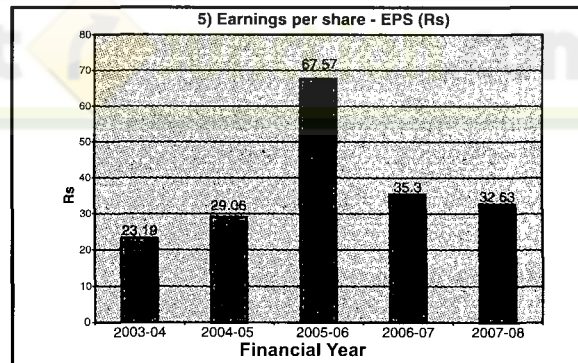
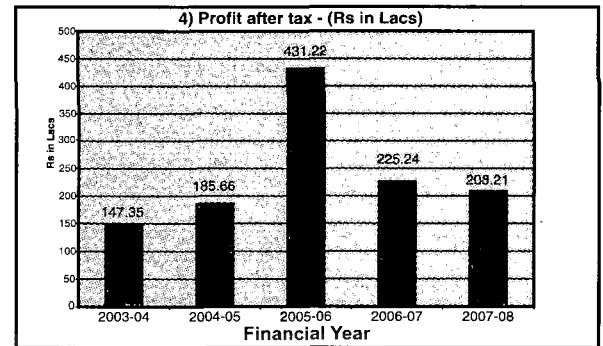
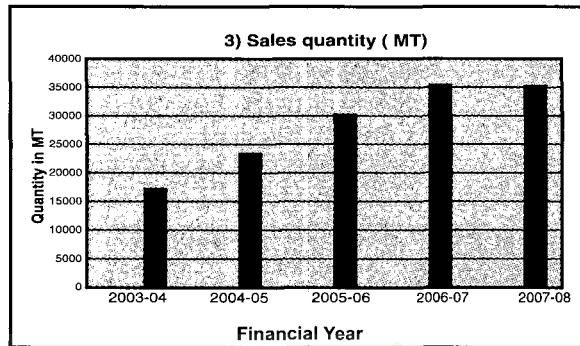
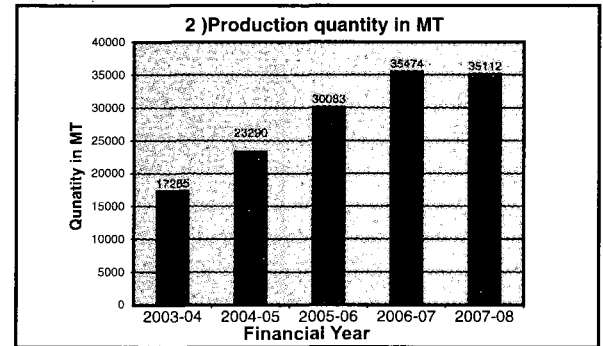
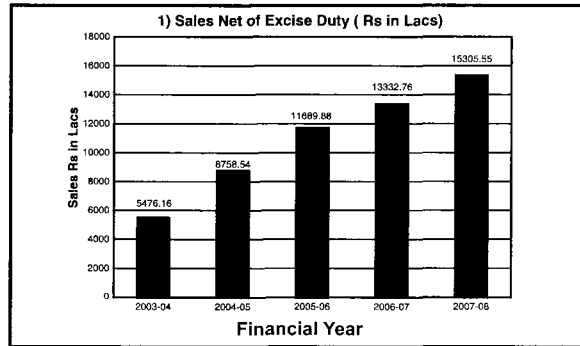
### PERFORMANCE HIGHLIGHTS

Your Company has shown appreciable improvement in sales turnover in the year under review. The profitability, however, was affected adversely due to steep rise in cost of inputs like Steel Scrap, Ferro Chrome and Furnace Oil. The Company did succeed in getting price revision from its customers to some extent. However, the compensation by way of price increase was not adequate to offset the cost increase to full extent. The company's customer being large group insisted on firm price for the period of delivery and did not respond favourably to the Company's frequent requests of price increase.



## DIRECTORS' REPORT (Contd..)

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





## DIRECTORS' REPORT (Contd..)

### 1. PRODUCTION

During the year under review the Company produced 35,112 tons of Grinding Media as compared to 35,474 tons in the previous year.

### 2. SALES & PROSPECTS

The Company sold 35,194 tons of Grinding Media during the year under review as against 35,370 tons in the previous year. However the sale revenue was higher at Rs. 15,305.55 lacs as against Rs. 13332.76 lacs in the previous year. The sales prospects for the current year are also encouraging.

### 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 Company's R&D Section continued to be active in developing products for new applications. In addition to Cement Industry, the Company's products are now in great demand by the mineral processing industries and for grinding of coal etc. The quality of grinding media produced by the company with the help of scientific research conducted by your company has been found excellent in reducing grinding cost.

The R&D Section is continuing to play a major role in developing techniques to cut down cost and improve quality.

### 6. EMPLOYEE RELATIONS

The relationship with the employees remained cordial.

#### DIRECTORS

Messrs Bhadresh K Shah, Vinod Narain and R P Agarwal retire by rotation and are eligible for reappointment.

#### AUDITORS

Messrs Dagliya & Company, Chartered Accountants, retire at this Annual General Meeting and are eligible 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 31<sup>st</sup> March 2008, 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 31<sup>st</sup> March, 2008 on a going concern basis.





## ANNEXURE-I TO DIRECTORS' REPORT

### 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.

Place : Bangalore  
Date : 27-05-2008

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 31.3.2008.

#### I. CONSERVATION OF ENERGY

Effective steps were taken to conserve energy by strict control at every consumption point.

##### 1. POWER AND FUEL CONSUMPTION

###### Electricity

	2007-08	2006-07
i) Units Purchased	3,12,23,880	2,54,70,960
Total Amount in Rs.	15,07,72,254	11,75,33,806
Rate / Unit (Rs.)	4.83	4.61
ii) Units Generated	1,37,95,042	1,91,59,750
Unit generated /Litre of Diesel/HFO	3.48	3.32
Cost/Units (Rs.)	6.57	6.43
2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT: GRINDING MEDIA) Electricity Units	1,279	1,249

#### II. RESEARCH AND DEVELOPMENT

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

- Process/Chemical composition modification for reducing the wear rate of grinding media for use in mineral processing Industries.
- Improvement of yield and reduction of rejection.
- Improvement in Pollution Control Systems

##### 2. BENEFITS DERIVED

- Value addition/increase in business volume.
- Cost saving.
- Improvement in environment.



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

### 3. FUTURE PLAN OF ACTION

- a) Upgradation of moulding technology.
- b) Use of alternate fuels for heat treatment.
- c) Mechanisation of waste sand handling.

### III. TECHNOLOGY ABSORPTION AND INNOVATION

#### 1. EFFORTS MADE

- a) Mechanization of scrap handling
- b) Standardisation of heat treatment process for special grades of Grinding Media.

#### 2. BENEFITS

- a) Increase in productivity.
- b) Manufacture and supply of special grades of Grinding Media.

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

#### 4. EXPENDITURE ON R & D

	Rs. in Lakhs
a) Capital	NIL
b) Revenue	4.45
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.	Nil
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#### 2. OUTGO

a) CIF Value of Imports	30.23
b) Expenditure in Foreign Currency on -	
Dividend Payment	1.20

### 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, 1<sup>st</sup> Cross, J C Road  
Bangalore - 560 027

**The Stock Exchange-Mumbai,**  
Phiroze Jeejeebhai Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai - 400 001

**ISIN – INE 380G01015**  
Central Depository Services (India) Limited.  
Phiroze Jeejeebhai Towers, 28<sup>th</sup> 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 2008-2009 to all the Stock exchanges wherever its securities are listed.