

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Nelcast Limited will be held on Thursday, the 1<sup>st</sup> August 2013 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the Financial Year 2012-13.
3. To appoint a Director in the place of Mr. D. Sesha Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. J.B.REDDY & CO., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,74,168/- paid to Mr. P. Deepak, Managing Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.07.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,26,227/- paid to Ms. P. Divya, Whole-Time Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.04.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Whole-Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the approval of the Central Government and pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and all the guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be deemed necessary, consent of the shareholders of the Company be and is hereby accorded for making an application to the Central Government for the waiver of recovery of excess remuneration of ₹ 5,88,850/- paid to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director of the Company, over and above the limits prescribed in the Companies Act, 1956, for the period from 01.04.2012 to 31.03.2013.

RESOLVED FURTHER THAT Mr. S.K. Sivakumar, the Company Secretary of the Company be and is hereby authorized to make an application to the Central Government by filing of E-form 25A for waiver of recovery of excess remuneration paid to the Deputy Managing Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

**By Order of the Board**

**S.K. Sivakumar**  
*Chief Financial Officer &  
Company Secretary*

Place: Chennai  
Date: 25<sup>th</sup> May 2013

**Registered Office**  
No.34, Industrial Estate,  
Gudur, Andhra Pradesh - 524 101

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE/OFFICE OF THE COMPANY'S REGISTRAR & SHARE TRANSFER AGENT OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays, between 11 AM and 1 PM up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from 20<sup>th</sup> July 2013 to 26<sup>th</sup> July 2013 (both days inclusive).
9. Non-Resident Indian Members are requested to inform the Company's Registrar and Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd., Mumbai, immediately of:
  - (a) The change in the residential status on return to India for permanent settlement.
  - (b) The particulars of the Bank Account maintained in India with complete Name, Branch, Account Type, Account number and Address of Bank with Pin Code Number, if not furnished earlier.



#### 10. **Re-Appointment of Directors:**

At the forthcoming Annual General Meeting, Mr. D. Sesha Reddy retires by rotation and being eligible offers himself for re-appointment. As per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the information or details pertaining to him is furnished below:

##### **Details of Director seeking Re-Appointment at the Annual General Meeting (in pursuance to clause 49 of the Listing Agreement)**

Mr. D. Sesha Reddy aged about 72 years is a Non-Executive Independent Director of the Company. An Arts Graduate and one of the leading Industrialists in Nellore and has wide experience in Industrial field. Mr. D. Sesha Reddy is on the Board of Nelcast Limited since its inception.

##### **Details of other Directorships/Committee Memberships held by him:**

<b>Directorship</b>	<b>Committee Membership</b>
Dodla Dairy Ltd.	Nil

#### **ANNEXURE TO THE NOTICE**

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

##### **Item No. 5**

The remuneration payable to Mr. P. Deepak, Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 30<sup>th</sup> July 2012.

The overall remuneration paid to Mr. P. Deepak, Managing Director, for the period from 01.07.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Mr. P. Deepak, Managing Director is ₹ 5,74,168/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Mr. P. Deepak, Managing Director and Ms. P. Divya, Whole-Time Director, who are related to each other.

**Item No. 6**

The remuneration payable to Ms. P. Divya, Whole-Time Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 30<sup>th</sup> July 2012.

The overall remuneration paid to Ms. P. Divya, Whole-Time Director, for the period from 01.04.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Ms. P. Divya, Whole-Time Director is ₹ 5,26,227/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Ms. P. Divya, Whole-Time Director and Mr. P. Deepak, Managing Director who are related to each other.

**Item No. 7**

The remuneration payable to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director, under Section I, Part II of Schedule XIII of the Companies Act, 1956 was approved by the shareholders at the Annual General Meeting held on 6<sup>th</sup> August 2011.

The overall remuneration paid to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director, for the period from 01.04.2012 to 31.03.2013, including salary, perquisites & special incentive does not exceed the individual limit of 5% of the net profits prescribed under the Companies Act, 1956. However, when clubbed with the managerial remuneration paid to other Whole-Time Directors, it exceeds the overall limit of 10% of the net profits by ₹ 16,89,245/- due to inadequate profits of the Company during the year 2012-13. The proportionate amount paid in excess to Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director is ₹ 5,88,850/-, for which an application for the waiver of recovery of excess remuneration has to be made to the Central Government.

Section 309(3) of the Companies Act, 1956 permits payment of remuneration in excess of the limits prescribed therein, with the approval of the Shareholders and the Central Government.

The Remuneration Committee has considered the excess remuneration paid to the Managing Director & the Whole-Time Directors and recommended the same to the Board for seeking approval of the Shareholders and the Central Government.

An application will be made to the Central Government seeking its approval in this regard.

The Board of Directors of your Company recommends the resolution for approval.

Memorandum of Interest:

None of the Directors of the Company is in any way concerned or interested in the above resolution, except, Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director.

**By Order of the Board**

Place: Chennai  
Date: 25<sup>th</sup> May 2013

**S.K. Sivakumar**  
*Chief Financial Officer &  
Company Secretary*

**Registered Office**  
No. 34, Industrial Estate,  
Gudur, Andhra Pradesh - 524 101

## **BOARD OF DIRECTORS**

**D. SESHA REDDY**

*Chairman*

**P. DEEPAK**

*Managing Director*

**R. MOHAN REDDY**

*Director*

**A. BALASUBRAMANIAN**

*Director*

**P. DIVYA**

*Director*

**P. VIJAYA BHASKAR REDDY**

*Deputy Managing Director*

**S.K. SIVAKUMAR**

*Chief Financial Officer &  
Company Secretary*

**AUDITORS**

J.B.REDDY & CO.,  
*Chartered Accountants*  
206, Srinilaya Estate, Ameerpet,  
Hyderabad - 500 073

**BANKERS**

State Bank of India  
IDBI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Standard Chartered Bank  
HSBC Ltd.

**REGISTERED OFFICE & WORKS**

34, Industrial Estate, Gudur - 524 101

**PONNERI WORKS**

Madhavaram Village  
Ponneri (Taluk), Tiruvallur District,  
Tamil Nadu - 601 204

**ADMINISTRATIVE OFFICE**

159, T.T.K. Road, Alwarpet, Chennai - 600 018  
Phone: 044 - 24983111 Fax: 044 - 24982111  
E-Mail: nelcast@nelcast.com Website: www.nelcast.com



# Annual Report 2012 - 13

Annual  
Report  
2012 - 13

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## DIRECTORS' REPORT

Your Directors are pleased to present the Thirty first Annual Report along with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2013:

<b>PERFORMANCE</b>	(₹ in Lakhs)	
<b>FINANCIAL RESULTS</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Net Sales</b>	<b>50,759.82</b>	<b>65,309.72</b>
<b>PBIDT</b>	<b>3,486.30</b>	<b>8,244.81</b>
<b>Profit Before Tax (PBT)</b>	<b>2,070.19</b>	<b>6,786.24</b>
<i>Less: Provision for Tax</i>	679.04	2,158.52
<b>Profit After Tax (PAT)</b>	<b>1,391.15</b>	<b>4,627.72</b>
<i>Add: Profit brought forwarded from previous years</i>	3,759.20	2,794.91
<b>Profit Available for Appropriation</b>	<b>5,150.35</b>	<b>7,422.63</b>
<b>Less: Appropriations</b>		
Interim Dividend on Equity Shares	–	870.01
Distribution Tax on Interim Dividend	–	144.50
Final Dividend on Equity Shares	435.01	696.01
Distribution Tax on Final Dividend	70.57	112.91
General Reserve	500.00	1,840.00
<b>Surplus Carried to Balance Sheet</b>	<b>4,144.77</b>	<b>3,759.20</b>

### DIVIDEND

Your Directors recommend a final dividend of 25% (₹ 0.50 per share) for the financial year 2012-13 against 40% for the previous year.

### OPERATIONS

During the year, the Company recorded Net Sales of ₹ 507.60 crores as against ₹ 653.10 crores in 2011-12, a reduction of about 22%. Profit Before Tax made during the year is ₹ 20.70 crores compared with ₹ 67.86 crores in 2011-12, a substantial reduction compared with previous year. The production during the year was 67953 MT, compared to the previous year's 92913 MT.

The overall reduction in Turnover and Profit was due to slow down in the economy especially in the auto sector. This has resulted in poor performance of most auto component industries, Nelcast was not spared from this.



## DIRECTORS' REPORT – (Contd.)

### OUTLOOK

The automotive industry in India has been witnessing a slowdown and 2012-13 was a challenging year for the Company in terms of Sales as well as Profit. The long term prospects for the industry remain strong and the industry expects moderate growth in the coming year. The entry and growth of new generation commercial vehicles where the Company enjoys a strong position will further aid the Company's growth. Our entry in to this new generation of vehicles with MNC OEMs will also increase the opportunities for exports. The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. The industry has emerged as one of key auto components centers in Asia and today is seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high value and critical automobile components to global auto market.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has good internal control systems in all areas. The Audit Committee reviews all the reports and compliance systems and suggests better internal control systems, policies and procedures as and when required. It also reviews Company's financial reporting processes, disclosure of financial information, related party transactions etc.

### CONSOLIDATED FINANCIAL STATEMENTS

During the year, NC Energy Ltd. has become subsidiary company. The Company has prepared Consolidated Financial Statements of Nelcast Limited and its subsidiary NC Energy Ltd. as at 31<sup>st</sup> March 2013, in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. As required by Clause 41 of the Listing Agreement with Stock Exchanges, the audited Consolidated Financial Statements are circulated with the Annual Report.

### QUALITY AND CUSTOMER SATISFACTION

The Company adheres to the TS 16949 norms, and continuously strives to achieve world class quality by strictly adhering to the quality standards. The Company has been awarded ISO 14001 & 18001 for Environmental Management Systems.

The Company has been receiving continuous support from its OEM customers like Tata Motors, Ashok Leyland, TAFE, Eicher Tractors (TMTL), Mahindra & Mahindra, Volvo-Eicher Commercial Vehicles, SAME Tractors, Escorts Tractors, Sonalika Tractors (ITL), Daimler India, Ashok Leyland John Deere, Caterpillar, etc., from Tier I customers like Automotive Axles, American Axles, Dana, Rane Madras, Rane-TRW, ZF India, Simpson & Co., etc., and export customers like Meritor, Bauer Gears and ZF Industries. The Company is closely working with all customers in terms of new product development, improvement in quality & delivery performance etc., to meet their expectations.

### DEPOSITS

The Company has accepted public deposits during the year. Its deposits as at 31<sup>st</sup> March 2013 stand at ₹ 155.01 lakhs. There are no overdue deposits as on 31<sup>st</sup> March 2013.

## **DIRECTORS' REPORT – (Contd.)**

### **DIRECTORS**

Mr. D. Sesha Reddy, Director retires by rotation and being eligible, offers himself for re-appointment.

Consequent to appointment of Mr. R. Sridharan as Managing Director of "The Clearing Corporation of India Ltd. (CCIL)", he has resigned from the Board of the Company. The Board of Directors wishes to place on record its appreciation of the service and contribution made by him to the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility.

We confirm that:

- The Annual Accounts for the year ended 31<sup>st</sup> March 2013, have been prepared with the Revised Schedule VI applicable to the Company with all the applicable Accounting Standards.
- Such Accounting Policies have been selected and applied consistently supported by management judgments and estimates, that are 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 and Loss of the Company for that period.
- Proper and sufficient care had been taken for the maintenance of adequate Accounting Records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts for the year ended 31<sup>st</sup> March 2013 have been prepared on a "going concern" basis.

### **CORPORATE GOVERNANCE**

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are complied within letter and spirit. A certificate issued by the auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed. The matters relating to Corporate Governance as per the Listing Agreement are attached to this report. A management discussion and analysis report as required by Listing Agreement is also annexed which forms part of this report.

### **AUDITORS**

Your Company's Auditors, M/s. J.B.REDDY & CO., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and they have consented to be re-appointed for the financial year 2013-14. The Company has received a letter from M/s. J.B.REDDY & CO., stating that their appointment as auditors, if made, would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.



## DIRECTORS' REPORT – (Contd.)

### **COST AUDITORS**

In conformity with the notification issued by the Ministry of Corporate Affairs, the Company has appointed M/s. Jayaram & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2013-14.

### **INDUSTRIAL RELATIONS**

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees continued to receive top priority. The Directors wish to place on record their appreciation of the valuable contribution made by the employees of the Company at all levels towards the performance and growth of the Company.

### **DISCLOSURE OF PARTICULARS**

The information required as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of the Board of Directors') Rules, 1988 is given in the Annexure - I forming part of this report.

### **PARTICULARS OF EMPLOYEES**

Information required as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time is given in the Annexure – II forming part of this report.

### **ACKNOWLEDGEMENTS**

The Directors again would like to express their sincere appreciation for the dedicated efforts of the employees and co-operation of associates, suppliers and customers. We also express our sincere thanks to Company's Bankers namely State Bank of India, IDBI Bank Ltd., Kotak Mahindra Bank Ltd., Standard Chartered Bank and HSBC Ltd. for their trust and continued support.

**For and on behalf of the Board**

Place: Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sessa Reddy**  
Chairman

## DIRECTORS' REPORT – ANNEXURE I

### Information as per Section 217 (1) (e) of the Companies Act, 1956:

#### **A. CONSERVATION OF ENERGY:**

- |   |   |
|---|---|
| (a) Energy conservation measures undertaken   | The Company continues its efforts to improve energy conservation based on recommendations arising out of the Energy Audit |
| (b) Additional investments and proposals if any being implemented for the reduction of consumption of energy  | Investment is being made to improve Power Factor  |
| (c) Impact of measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost   | Energy Savings  |
| (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto | Not Applicable  |

#### **B. TECHNOLOGICAL ABSORPTION:**

- |   |                |
|---|----------------|
| (e) Efforts made in technology absorption | Not Applicable |
|---|----------------|

#### **C. FOREIGN EXCHANGE EARNING AND OUTGO:**

- |  |  |
|--|--|
| (f) Activities relating to export initiatives taken to increase, development of new export markets | Ongoing marketing campaign in the USA is expected to yield results in the coming years |
| (g) Total Foreign Exchange Used  | ₹ 1,111.67 Lakhs   |
| (h) Total Foreign Exchange Earned  | ₹ 227.91 Lakhs   |



## DIRECTORS' REPORT – ANNEXURE II

**Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for financial year ended 31<sup>st</sup> March 2013:**

Name	Age	Designation	Remuneration in (₹)	Qualification/ Experience	Date of Employment	Previous Employment & Designation
Mr. P. Deepak	28	Managing Director	82,52,424	MBA & MS from Kellogg School of Management, Northwestern University, USA / 5 years	01.07.2012	Manufacturing Engineer – Federal-Mogul Corp., USA
Mr. P. Vijaya Bhaskar Reddy	57	Dy. Managing Director	80,15,250	B.Com., B.L., F.C.A. / 32 years	01.07.1983	Accounts Officer – Pennar Steels Ltd.
Ms. P. Divya	29	Director - IT & Strategy	75,63,385	MS from Stevens Institute of Technology, USA / 5 years	30.01.2012	Global Head – Management & Governance, – Deutsche Bank, USA

**For and on behalf of the Board**

Place : Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sessa Reddy**  
Chairman

**DIRECTORS' REPORT – ANNEXURE III**

**Statement pursuant to Section 212 of the Companies Act, 1956:**  
 Relating to Subsidiary Company for the financial year ended 31<sup>st</sup> March 2013

S.No.	Particulars	
1.	Name of the Subsidiary	NC Energy Ltd.
2.	The financial year of the subsidiary Company ended on	31 <sup>st</sup> March 2013
3.	Extent of Interest of the Holding Company at the end of the financial year of the Subsidiary	2,05,10,000 equity shares of ₹ 10/- each fully paid-up (96.97%)
4.	Net aggregate amount of Profit (Loss) of the subsidiary as far as they concern the members of Nelcast Limited <b>(i) For the Financial year of Subsidiary:</b> (a) Dealt with in the accounts of the Holding Company (b) Not Dealt with in the accounts of the Holding Company <b>(ii) For the Previous Financial years of Subsidiary:</b> (a) Dealt with in the accounts of the Holding Company (b) Not Dealt with in the accounts of the Holding Company	NIL NIL NIL NIL
5.	As the Financial year of the Subsidiary Company Coincides with that of the Holding Company, Section 212 (5) of the Companies Act, 1956 is not applicable.	

Note: The Annual Accounts of the subsidiary company has been kept at Registered Office of the Company for inspection by shareholders.

**For and on behalf of the Board**

Place : Chennai  
 Date : 25<sup>th</sup> May 2013

**D. Sesha Reddy**  
 Chairman

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has always focused on Corporate Governance as a means to optimize its performance and maximize the long-term stakeholders' value through sustained growth and value creation. The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company. The Company always believes to achieve optimum performance at all levels in adopting good corporate performance. The Company believes that Corporate Governance begins with Company's continuous review of its internal procedures and practices encompassing all its business areas in the most appropriate manner, which would spell fairness and transparency.

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors having rich knowledge and experience in the industry for providing guidance and direction to the Company. The Board of Directors along with its Committees provides leadership and guidance to the management, thereby enhancing stakeholders' value. The board reviews strategic business plans, budgets, setting up goals and evaluation performance and investment decision.

#### Composition of the Board of Directors:

The Composition of Board of Directors is in conformity with the Corporate Governance code.

The Board comprises of three Executive Directors and three Non-Executive Directors, all of them, are Independent Directors. All Non-Executive Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

#### Board Meetings:

During the financial year, meetings of the Board of Directors were held on 23<sup>rd</sup> May 2012, 30<sup>th</sup> July 2012, 10<sup>th</sup> November 2012 and 9<sup>th</sup> February 2013.

The details of attendance of the Directors at the Board Meetings and at the last Annual General Meeting:

Name of the Director	Board Meeting	Annual General Meeting
Mr. D. Sessa Reddy	4	Attended
Mr. R. Mohan Reddy	4	Attended
Mr. A. Balasubramanian	4	Attended
Mr. P. Vijaya Bhaskar Reddy	4	Attended
Mr. R. Sridharan (Resigned on 03.08.2012)	2	Attended
Mr. P. Deepak	3	Attended
Ms. P. Divya	4	Attended



## REPORT ON CORPORATE GOVERNANCE – (Contd.)

Directors' Membership as on 31<sup>st</sup> March 2013 in the other Boards or Committees thereof:

Name of the Director	Other Boards	Other Board Committees
Mr. D. Sesha Reddy	1	None
Mr. R. Mohan Reddy	1	2
Mr. A. Balasubramanian	2	3
Mr. P. Deepak	2	None
Ms. P. Divya	None	None
Mr. P. Vijaya Bhaskar Reddy	2	None

### 3. AUDIT COMMITTEE

**The broad terms of reference of the Audit Committee are as follows:**

- Review of the Company's financial reporting process and its financial statements.
- Compliance with Accounting Standards and changes in accounting policies and practices.
- Quarterly Results of the Company.
- Discussing the nature and scope of Internal Audit and the Internal Controls.
- Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- Review of the Audit Report/Work of External Auditors.
- Review of risk management policies and practices.
- Recommend appointment of Statutory Auditors.
- Review of Related Party Transactions.
- Other matters as set out in the Listing Agreement.

The Audit Committee comprises Mr. A. Balasubramanian (Chairman), Mr. R. Mohan Reddy (Independent Director), Mr. D. Sesha Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy. The dates of the meetings are as follows:

23<sup>rd</sup> May 2012, 30<sup>th</sup> July 2012, 10<sup>th</sup> November 2012 and 9<sup>th</sup> February 2013.

Name of the Member	No. of Audit Committee Meetings attended
Mr. A. Balasubramanian	4
Mr. R. Mohan Reddy	4
Mr. D. Sesha Reddy	4
Mr. P. Vijaya Bhaskar Reddy	4

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 4. REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee for the Company which decides the Remuneration of all the Directors and senior management members of the Company. The Committee comprises of Mr. D. Sessa Reddy (Chairman), Mr. R. Mohan Reddy (Independent Director) and Mr. A. Balasubramanian (Independent Director).

### 5. PARTICULARS OF SITTING FEE/REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2012-13

#### Particulars of Sitting Fee paid to Non-Executive Directors:

Name of the Non-Executive Directors	Sitting Fee (₹)
Mr. R. Mohan Reddy	1,50,000
Mr. D. Sessa Reddy	1,50,000
Mr. A. Balasubramanian	1,40,000
Mr. R. Sridharan	50,000

#### Remuneration paid to Whole-Time Directors:

Details	Managing Director (₹)	Whole-Time Directors (₹)
Remuneration	82,52,424	1,55,78,635

### 6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee comprises of Mr. R. Mohan Reddy (Chairman), Mr. D. Sessa Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy. The Committee will deal with shareholder/investor complaints.

#### Number of pending share transfers:

As on 31<sup>st</sup> March 2013, there were no share transfers pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a practicing Company Secretary has been furnished to Stock Exchanges.

#### Compliance Officer:

S.K. Sivakumar  
 Chief Financial Officer & Company Secretary  
 159, T.T.K. Road, Alwarpet, Chennai - 600 018  
 Phone: 044 - 24983111 Fax: 044 - 24982111  
 E-mail: sivakumar@nelcast.com

Number of Shareholder complaints received & resolved during the year 2012-13: **28**

No. of pending complaints as on 31<sup>st</sup> March 2013: - **Nil** -

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 7. GENERAL BODY MEETINGS

#### i. Location and time of last 3 Annual General Meetings were:

Year	Location	Date	Time
2011-12	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	30.07.2012	11.00 AM
2010-11	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101	06.08.2011	10.30 AM
2009-10	DNR Community Hall, ICS Road, Gudur - 524 101	24.07.2010	10.30 AM

#### ii. Special Resolutions passed in the previous 3 Annual General Meetings:

Year	Subject Matter of Special Resolution	Date
2011-12	Nil	30.07.2012
2010-11	Nil	06.08.2011
2009-10	Nil	24.07.2010

#### iii. Postal Ballot:

None of the subjects placed before the shareholders in the last/ensuing Annual General Meeting required/requires approval by a postal ballot.

### 8. DISCLOSURES

The related party transactions during the financial year 2012-13 are disclosed in the report as required under Accounting Standard 18 “Related Party Disclosures” issued by The Institute of Chartered Accountants of India. There are no materially significant related party transactions made by the Company with its promoters and subsidiaries. The Register of Contracts with Directors is being maintained by the Company.

### 9. MEANS OF COMMUNICATION

- The Quarterly/Half-yearly financial results published in one National Edition (English Language) and one in Regional Edition.
- The quarterly shareholding pattern is posted in BSE & NSE websites and in Company website [www.nelcast.com](http://www.nelcast.com)



## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 10. GENERAL SHAREHOLDER INFORMATION

Registered Office	34, Industrial Estate, Gudur - 524 101, Andhra Pradesh. Phone: 08624 - 251266/766, Fax: 08624 - 252066	
Annual General Meeting	Date and Time: 1 <sup>st</sup> August 2013 & 11.00 AM. Venue: P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh.	
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March	
Financial Calendar (Tentative)	<ul style="list-style-type: none"> <li>• Results for the quarter ending 30<sup>th</sup> June 2013 - 1<sup>st</sup> week of August 2013.</li> <li>• Results for the quarter and half year ending 30<sup>th</sup> September 2013 - 2<sup>nd</sup> week of November 2013.</li> <li>• Results for the quarter and nine months ending 31<sup>st</sup> December 2013 - 2<sup>nd</sup> week of February 2014.</li> <li>• Results for the year ending 31<sup>st</sup> March 2014 - by May 2014.</li> </ul>	
<u>Record Date:</u>		
Date of Book Closure	20 <sup>th</sup> July 2013 to 26 <sup>th</sup> July 2013 (both days inclusive).	
Dividend Payment Date	Within 30 days from 1 <sup>st</sup> August 2013.	
Listing of Stock Exchanges	<b>Name of Exchange</b>	<b>Stock Code</b>
	1. Bombay Stock Exchange Limited (BSE), P J Towers, Dalal Street, Mumbai - 400 001.	532864
	2. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051.	NELCAST
ISIN	INE189I01024	
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both stock exchanges above for the financial year 2013-14.	

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

Market price data: High, Low during each month in the financial year 2012-13:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr' 12	27.80	24.80	27.90	24.60
May' 12	31.70	24.55	31.50	24.70
Jun' 12	26.00	23.80	26.00	24.10
Jul' 12	26.65	20.10	26.85	20.00
Aug' 12	21.90	20.10	21.85	20.00
Sep' 12	24.00	19.80	23.60	19.00
Oct' 12	24.45	21.00	24.45	21.15
Nov' 12	26.95	21.00	26.95	21.05
Dec' 12	26.90	22.15	27.00	22.15
Jan' 13	25.20	22.00	25.25	22.10
Feb' 13	22.70	18.60	22.60	18.70
Mar' 13	20.20	17.90	20.25	18.00

Share Price Performance in comparison to broad based indices - BSE Sensex:

Month	BSE		BSE Sensex	
	High (₹)	Low (₹)	High	Low
Apr' 12	27.80	24.80	17,664.10	17,010.16
May' 12	31.70	24.55	17,432.33	15,809.71
Jun' 12	26.00	23.80	17,448.48	15,748.98
Jul' 12	26.65	20.10	17,631.19	16,598.48
Aug' 12	21.90	20.10	17,972.54	17,026.97
Sep' 12	24.00	19.80	18,869.94	17,250.80
Oct' 12	24.45	21.00	19,137.29	18,393.42
Nov' 12	26.95	21.00	19,372.70	18,255.69
Dec' 12	26.90	22.15	19,612.18	19,149.03
Jan' 13	25.20	22.00	20,203.66	19,508.93
Feb' 13	22.70	18.60	19,966.69	18,793.97
Mar' 13	20.20	17.90	19,754.66	18,568.43



## REPORT ON CORPORATE GOVERNANCE – (Contd.)

**Registrar and Share Transfer Agents :** M/s. Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai - 400 072.

**Share Transfer System :** All the transfers in physical form are processed and approved by the Share Transfer and Shareholder/Investor Grievance Committee. The Company's Registrar's and Share Transfer Agent M/s. Bigshare Services Pvt. Ltd. have adequate infrastructure to process the share transfers. The Committee approves the transfers etc., as required from time to time.

### Distribution of shareholding within various categories as on 31<sup>st</sup> March 2013:

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares held	% of Share holding
1 – 500	12,335	73.33	29,33,261	3.37
501 – 1000	2,859	17.00	22,44,486	2.58
1001 – 2000	798	4.74	12,13,509	1.40
2001 – 3000	340	2.02	8,62,830	0.99
3001 – 4000	99	0.59	3,61,771	0.42
4001 – 5000	127	0.75	6,11,505	0.70
5001 – 10000	133	0.79	9,83,788	1.13
10001 and above	131	0.78	7,77,90,050	89.41
<b>Total</b>	<b>16,822</b>	<b>100.00</b>	<b>8,70,01,200</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2013:

Category	No. of Shares held	% to Total
Promoter & Promoter Group	6,43,06,038	73.91
Bodies Corporate	26,53,901	3.05
Individuals	1,50,89,778	17.34
Directors	18,91,970	2.18
Clearing Members	35,149	0.04
Trust	22,32,458	2.57
NRI	3,29,406	0.38
Employees	4,62,500	0.53
<b>Total</b>	<b>8,70,01,200</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

<b>Dematerialization of Shares and Liquidity :</b>	Shares of the Company can be held and traded in electronic form.  100% of the total equity capital is held in dematerialized form with NSDL & CDSL as on 31 <sup>st</sup> March 2013.
<b>Plant Locations :</b>	<b>Gudur Unit</b> No. 34, Industrial Estate, Gudur, Andhra Pradesh - 524 101 Phone: 08624 - 251266/766 Fax: 08624 - 252066  <b>Ponneri Unit</b> Madhavaram Village, Amur Post, Ponneri - 601 204 Phone: 044 - 27974165/1506 Fax: 044 - 27973620
<b>Address for Correspondence :</b>	159, T.T.K. Road, Alwarpet, Chennai - 600 018 Phone: 044 - 24983111 Fax: 044 - 24982111 E-mail: nelcast@nelcast.com Website: www.nelcast.com

### 11. NON-MANDATORY REQUIREMENTS

**(a) Remuneration Committee:**

The Company has a remuneration committee.

**(b) Publication of half yearly results:**

The half yearly results of the Company are published in an English Daily having a wide circulation and in a Telugu Daily. The results are not sent to the shareholders individually. However, the Company is displaying the financial results in its website.

### 12. CEO/CFO CERTIFICATION

Mr. P. Deepak, Managing Director and Mr. S.K. Sivakumar, CFO have furnished the certificate as per the requirement of Clause 49 (V) of the Listing Agreement.

### 13. COMPLIANCE CERTIFICATE OF THE AUDITORS

The Company has obtained a Certificate from the Statutory Auditors confirming compliance of Conditions of the Code of Corporate Governance as stipulated in Clause 49 and the same is annexed.

### DECLARATION – CODE OF CONDUCT

As per Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct.

Place : Chennai  
 Date : 25<sup>th</sup> May 2013

**P. Deepak**  
*Managing Director*



## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To **THE MEMBERS OF  
NELCAST LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Nelcast Limited, for the year ended 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 25<sup>th</sup> May 2013



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

In the Indian economy, automotive industry occupies a prominent place and has a strong multiplier effect and is capable of being the driver of economic growth. The Indian auto component industry is ancillary to the automobile industry. The performance of automotive component industry directly linked with the performance of automobile industry, which in turn is dependent on the performance of the economy. The automotive industry in India has been witnessing a slowdown. However, the auto component industry appears to cope up with the downturn in the industry and is raring to explore new opportunities and growth. The commercial vehicles market has declined by about 28% and tractor industry by about 8% in the year 2012-13. However, considering the potential for growth of these segments in India and the attractiveness of several of these components for overseas markets, the potential for long term growth is very high and the company will leverage these opportunities.

### OPPORTUNITIES AND THREATS

The Company enjoys an unstinted confidence from its valued customers for providing superior quality products. India's economic growth will present tremendous opportunities for growth in automobile and non-automobile segment. The Company strives to create sustainable profitable growth by using superior technology and maintaining product quality and offering wide range of products to different segments, which will give us a competitive edge in the market. The Company has got excellent potential for growth, both in domestic and export markets and intends to expand its product base, to cater to other segments such as off-highway segment and LCVs. The Company faces stiff competition with new foundries being established and with the players in the un-organized sector. Further instability in the prices of raw materials, power, freight and other input costs are perceived as a threat.

### SEGMENT WISE PERFORMANCE

The company deals in only one segment i.e., Iron Castings. Therefore, segment wise performance is not applicable for our Company.

### OUTLOOK

The outlook for the domestic auto industry for this year is stable. The business environment is expected to be growth-oriented, but volatile as well. The Company will focus its strength to develop new products in the new market which will result in enhancing its margin. The combination of optimization of resources and stringent control on quality, delivery, cost and safety would give an edge to the Company in terms of competitive pricing and quality. Your Company will continue to focus on technology to further expand export markets and developing new products for newer generation of vehicles.

### RISKS AND CONCERNS

#### Economy and Market Risk:

The Company's growth is lined to those of the automotive industry, which is cyclical in nature. The cyclical nature of the Indian commercial vehicle industry and tractor industry might affect the demand. Since automotive industry, plays a major role in determining the economic growth, any slowdown in the overall economy will affect commercial vehicle industry. Increasing competition across all segments may put some pressure on market share.



## MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)

### **Input Cost Risk:**

Our profitability and cost effectiveness may be affected due to change in the prices of raw materials, power and other input costs. Some of the risks that are potentially significant in nature and need careful monitoring are raw material prices, availability of power etc. Currently, the power is a scarce resource, but it is available through inter/intra state open access at higher cost. The price is highly volatile; hence it will affect the profitability.

### **Currency Risk:**

Since, the company's exposure on foreign currency is very limited, the fluctuation in foreign exchange currency may not impact the company much. However, the foreign currency risk on the liability side is fully hedged.

### **Interest Rate Risk:**

The Company has judiciously managed the debt-equity ratio. It has been using a mix of loans and internal cash accruals. The Company has well managed the working capital to reduce the overall interest cost.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use. The Company's internal controls are supplemented by an extensive programme of internal audit, review by management and documented policies, systems support, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

During the year, the Company recorded Net Sales of ₹ 507.60 crores as against ₹ 653.10 crores in 2011-12, a reduction of about 22%. Profit Before Tax made during the year was ₹ 20.70 crores compared with ₹ 67.86 crores in 2011-12, a substantial reduction compared with previous year. The production during the year was 67953 MT, compared to the previous year's 92913 MT.

The Board has recommended a dividend of ₹ 0.50 per share (being 25% on the par value per equity share). The Company is continuously putting its efforts to meet price pressure from OEMs and improve its productivity.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT**

The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. The Company continues to maintain its record on industrial relations. The Company believes that human resources are its most valuable assets and is thus committed to the welfare of its employees and their families. The Company continues to invest in people through various initiatives which enable the work force to meet out the challenges.

### **HEALTH, SAFETY AND ENVIRONMENT**

Safety management is integrated with the overall Environment, Health and Safety (EHS) management system. The Company has been certified for ISO 14001 & 18001 for Environmental Management System. The company ensures protection and up-gradation of the environment by adopting safe processes and by eliminating hazardous operations. The Company adheres to applicable environmental regulations and practices. As a part of Corporate Social Responsibility, the company is maintaining a clinic in Gudur providing free medical care to people staying nearby and provide free books etc., to poor students.

### **CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statements" and based on certain assumptions/expectations and current scenario and the input available. Actual results might differ substantially or materially those expressed or implied. Important developments including global or domestic downtrend, political and economic environment in India or overseas might affect the company's operations.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Nelcast Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended and a summary of the significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Statement of Cash Flow, of the cash flows of the Company for the year ended on that date.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- (1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (2) As required by sub-section (3) of section 227 of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 25<sup>th</sup> May 2013

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)**

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT EVEN DATE**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) A major portion of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) There was no disposal of substantial fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weaknesses have been noticed in the internal controls in these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58 A and 58 AA or any other relevant provisions of the Act and the rules framed there under, where applicable have been complied with.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and cost records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NELCAST LIMITED – (Contd.)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and Cess were in arrears as at 31<sup>st</sup> March 2013 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and on the basis of information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses and as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions or Banks or Debenture holders.
- (xii) According to the information and explanations given to us based on the documents and records produced before us, the company has not granted any Loans or Advances on the basis of security by the way of pledge of shares, debentures or other securities.
- (xiii) In our opinion, the Company is not a chit fund, or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the said loans were obtained.
- (xvii) According to the information and explanations given to us by the management and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place : Chennai  
Date : 25<sup>th</sup> May 2013

## FINANCIAL STATEMENTS



## BALANCE SHEET AS AT

PARTICULARS	Note No.	31 <sup>st</sup> March 2013 (₹ in Lakhs)	31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	1,740.02	1,740.02
(b) Reserves and Surplus	3	23,418.90	22,533.33
<b>Sub-Total</b>		<b>25,158.92</b>	<b>24,273.35</b>
<b>2. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	4,136.94	281.62
(b) Deferred Tax Liability (Net)	5	2,448.55	2,325.04
<b>Sub-Total</b>		<b>6,585.49</b>	<b>2,606.66</b>
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	6	4,333.18	8,213.18
(b) Trade Payables	7	5,663.41	6,813.55
(c) Other Current Liabilities	8	1,474.77	1,082.32
(d) Short-Term Provisions	9	789.74	983.35
<b>Sub-Total</b>		<b>12,261.10</b>	<b>17,092.40</b>
<b>TOTAL</b>		<b>44,005.51</b>	<b>43,972.41</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	18,585.41	18,875.46
(ii) Intangible Assets	10	118.36	144.88
(iii) Capital Work-in-Progress	—	4,351.32	364.99
(b) Non-Current Investments	11	2,053.50	61.50
(c) Long-Term Loans and Advances	12	63.44	106.52
<b>Sub-Total</b>		<b>25,172.03</b>	<b>19,553.35</b>
<b>2. Current Assets</b>			
(a) Inventories	13	4,457.66	5,670.59
(b) Trade Receivables	14	6,192.05	7,651.54
(c) Cash and Cash Equivalents	15	4,821.92	6,264.52
(d) Short-Term Loans and Advances	16	3,215.93	4,719.95
(e) Other Current Assets	17	145.92	112.46
<b>Sub-Total</b>		<b>18,833.48</b>	<b>24,419.06</b>
<b>TOTAL</b>		<b>44,005.51</b>	<b>43,972.41</b>
<b>Significant Accounting Policies</b>	1		

As per our report of even date

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place: Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sessa Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

For and on behalf of the Board

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

PARTICULARS	Note No.	31 <sup>st</sup> March 2013 (₹ in Lakhs)	31 <sup>st</sup> March 2012 (₹ in Lakhs)
I. Revenue from Operations (Gross)	18	56,811.16	71,864.22
Less: Excise Duty		6,051.34	6,554.50
Revenue from Operations (Net)		50,759.82	65,309.72
II. Other Income	19	191.25	124.05
<b>III. Total Revenue (I+II)</b>		<b>50,951.07</b>	<b>65,433.77</b>
<b>IV. EXPENSES:</b>			
Cost of Materials Consumed	20	26,624.32	35,705.42
Changes in Inventories of FG & WIP	21	770.07	174.60
Employee Benefits Expense	22	3,369.74	3,257.15
Finance Costs	23	305.11	356.39
Depreciation	10	1,111.00	1,102.18
Other Expenses	24	16,700.64	18,051.79
<b>Total Expenses</b>		<b>48,880.88</b>	<b>58,647.53</b>
<b>V. Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)</b>		<b>2,070.19</b>	<b>6,786.24</b>
VI. Exceptional Items		-	-
<b>VII. Profit Before Extra-ordinary Items and Tax (V-VI)</b>		<b>2,070.19</b>	<b>6,786.24</b>
VIII. Extra-ordinary Items		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>2,070.19</b>	<b>6,786.24</b>
<b>X. Tax Expenses:</b>			
(1) Current Tax		555.54	2,040.35
(2) Deferred Tax		123.50	118.17
<b>XI. Profit for the Year (IX-X)</b>		<b>1,391.15</b>	<b>4,627.72</b>
<b>XII. Earnings per Equity Share:</b>			
(1) Basic		1.60	5.32
(2) Diluted		1.60	5.32
<b>Significant Accounting Policies</b>	1		

*As per our report of even date*

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place: Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sesha Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

*For and on behalf of the Board*

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED

PARTICULARS	31 <sup>st</sup> March 2013 (₹ in Lakhs)	31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	2,070.19	6,786.24
Adjustments for:		
Depreciation	1,111.00	1,102.18
Interest Income & Dividend Income	(62.13)	(74.89)
(Profit)/Loss on sale of assets	(58.89)	(2.90)
Interest Paid	305.11	356.39
<b>Operating Profit before Working Capital Changes</b>	<b>3,365.28</b>	<b>8,167.02</b>
Adjustments for:		
Inventories	1,212.94	(975.10)
Trade Receivables	1,459.50	1,163.63
Long-Term Loans and Advances	43.09	74.23
Short-Term Loans and Advances	1,504.01	(1,895.19)
Other Current Assets	(33.46)	(35.04)
Trade Payables	(1,150.14)	2,620.97
Other Current Liabilities	392.45	(926.29)
Short-Term Provisions	(193.61)	97.46
<b>Cash generated from Operations</b>	<b>6,600.06</b>	<b>8,291.69</b>
Taxes Paid/Provision for Tax	(555.54)	(2,040.35)
<b>Cash flow before Prior Period Items</b>	<b>6,044.52</b>	<b>6,251.34</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>6,044.52</b>	<b>6,251.34</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(872.65)	(2,995.77)
Sale of fixed assets	137.10	2.90
(Increase)/Decrease in Capital Work-in-Progress	(3,986.33)	(274.47)
(Increase)/Decrease in Non-Current Investments	(1,992.00)	(25.41)
(Increase)/Decrease in Unpaid Dividend A/cs	(1.24)	(2.35)
Interest Income & Dividend Income	62.13	74.89
<b>Net Cash from/(used in) in Investing Activities</b>	<b>(6,652.99)</b>	<b>(3,220.21)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Long-Term Borrowings	3,855.32	(1,156.37)
Increase/(Decrease) in Short-Term Borrowings	(3,880.00)	1,334.51
Interest paid	(305.11)	(356.39)
Dividend Paid (Including Distribution Tax)	(505.58)	(1,823.43)
<b>Net Cash from/(used in) in Financing Activities</b>	<b>(835.37)</b>	<b>(2,001.68)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(1,443.84)</b>	<b>1,029.45</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>6,253.51</b>	<b>5,224.06</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>4,809.67</b>	<b>6,253.51</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents as per Balance Sheet (Refer Note No.15)	4,821.92	6,264.52
<b>Less:</b> Bank balances not considered as Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)		
– Unpaid Dividend Accounts	12.25	11.01
<b>Cash and Cash Equivalents at the end of the year</b>	<b>4,809.67</b>	<b>6,253.51</b>

As per our Report of even date

For **J.B.REDDY & CO.**,  
Chartered Accountants

**A.V. REDDY**

Partner

Membership No. 23983

Firm Regn. No. 003256S

Place : Chennai

Date : 25<sup>th</sup> May 2013

For and on behalf of the Board

**D. Sesha Reddy**  
Chairman

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standard Rules, 2006 as amended) and relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the financial statements are consistent with those of previous year except for the change in accounting policies.

#### 1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets or liabilities in future periods.

#### 1.3 FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. Cost of fixed assets is net of eligible credits under CENVAT/VAT scheme. The company capitalizes all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized. Interest and other related costs, attributable to major projects are capitalized as part of the cost of respective assets. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long-Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work-in-Progress".

Fixed Assets are depreciated on pro rata to the period of use, based on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

#### 1.4 IMPAIRMENT OF ASSETS

The Company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

### 1.5 LEASES

Leases, where the lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on straight-line basis over the lease term.

### 1.6 BORROWING COSTS

The Company capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset, the Company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Where borrowings cannot be specifically identified to fixed assets, the capitalisation rate applied is the weighted average of the interest rates applicable to all borrowings of the Company. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete.

### 1.7 INVESTMENTS

Investments, which are Long-term in nature, are stated at cost after providing for decline in value, if any, other than temporary. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### 1.8 INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. The method of determination of cost of various categories of inventory is as follows:

- (a) Finished Goods, Work-in-Progress and Raw Materials are valued at lower of the cost and net realisable value.
- (b) Moulding Boxes and Patterns are valued at lower of cost (estimated) and net realisable value.

### 1.9 REVENUE RECOGNITION

Income of the Company is derived from Sale of Products including Excise Duty but excluding Sales Tax and net of sales returns. The revenue and expenditure are accounted on a going concern basis.

### 1.10 FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year is recognised as income or expense as the case may be.

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

### 1.11 EMPLOYEE BENEFITS

(i) Defined Contribution Plan

(a) Company's contribution to Employees Provident Fund and Employees State Insurance are made under a Defined Contribution Plan, and are accounted for at actual cost in the year of accrual.

(b) Company's contribution to the Superannuation fund in respect of employees who are members are made under a defined contribution plan, being administrated by the Life Insurance Corporation of India and are charged to the Statement of Profit and Loss in the year in which employee has rendered service.

(ii) Defined Benefit Plan

Company's liability to Gratuity on retirement of its eligible employees is funded and is being administrated by the Life Insurance Corporation of India. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognised and charged to the Statement of Profit and Loss in the year in which the employee has rendered service.

### 1.12 INCOME TAXES

Tax expenses comprise current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred Income Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

### 1.13 SEGMENT INFORMATION

The Company is principally engaged only in the business of manufacture and sale of Iron Castings, there are no reportable segments as per Accounting Standard No.17 "Segmental Reporting" issued by The Institute of Chartered Accountants of India.

### 1.14 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

### 1.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>2. SHARE CAPITAL</b>		
<b>Authorised:</b>		
12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year: 12,50,00,000 Equity Shares of ₹ 2/- each)	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paidup:</b>		
8,70,01,200 Equity Shares of ₹ 2/- each (Previous year: 8,70,01,200 Equity Shares of ₹ 2/- each)	<b>1,740.02</b>	<b>1,740.02</b>
<b>Total</b>	<b>1,740.02</b>	<b>1,740.02</b>

The Company has only one class of shares referred to as Equity Shares having par value of ₹ 2/- each. There is no change in the amount of Share Capital as at 31<sup>st</sup> March 2013 as compared to the Share Capital at the beginning of the year. However, during the previous year the Equity Share of ₹ 10/- has been sub-divided into FIVE Equity Shares of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share.

### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	No. of Shares in Lakhs	₹ in Lakhs	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period ₹ 2/- each (P. Year: ₹ 10/- each)	870.01	1,740.02	174.00	1,740.02
(b) Changes during the year (P. Year: Divided in to ₹ 2/- each)	–	–	5.00	–
(c) At the closing of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02

### Details of Equity Shareholders holding more than 5%:

Name of the shareholder	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
	No. of shares	%	No. of shares*	%
P. Radhakrishna Reddy (Ind)**	2,55,44,030	29.36	2,55,44,030	29.36
P. Radhakrishna Reddy (HUF)	–	–	1,43,49,500	16.49
P. Deepak	87,01,875	10.00	87,01,875	10.00
P. Deepak (HUF)	1,43,49,500	16.49	–	–
P. Divya	1,57,10,633	18.06	1,55,03,867	17.82

\* The equity shares have been sub-divided from ₹ 10/- per share to ₹ 2/- per share with effect from 6<sup>th</sup> Sep' 2011.

\*\* Transfer of Shares in favour of the Legal Heir, Mr. P. Deepak is to be effected after obtaining the Succession Certificate.

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>3. RESERVES &amp; SURPLUS</b>		
<i>Securities Premium Account</i>		
Opening Balance	8,774.13	8,774.13
Add: Received during the year	–	–
<b>Sub-Total (a)</b>	<b>8,774.13</b>	<b>8,774.13</b>
<i>General Reserve</i>		
Opening Balance	10,000.00	8,160.00
Add: Current Year Appropriation	500.00	1,840.00
<b>Sub-Total (b)</b>	<b>10,500.00</b>	<b>10,000.00</b>
<i>Surplus</i>		
Opening Balance	<b>3,759.20</b>	<b>2,794.91</b>
Add: Net profit after tax transferred from Statement of P & L	1,391.15	4,627.72
<b>Profit available for Appropriation</b>	<b>5,150.35</b>	<b>7,422.63</b>
<u>Appropriations:</u>		
– General Reserve	500.00	1,840.00
– Interim Dividend	–	870.01
– Distribution Tax on Interim Dividend	–	144.50
– Final Dividend	435.01	696.01
– Distribution Tax on Final Dividend	70.57	112.91
<b>Closing Balance (c)</b>	<b>4,144.77</b>	<b>3,759.20</b>
<b>Total (a+b+c)</b>	<b>23,418.90</b>	<b>22,533.33</b>
<b>4. LONG-TERM BORROWINGS</b>		
Term Loan from Banks	3,981.93	–
Deposits from Public	155.01	281.62
<b>Total</b>	<b>4,136.94</b>	<b>281.62</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>5. DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax Liability	2,454.76	2,326.87
Deferred Tax Asset	(6.21)	(1.83)
<b>Total</b>	<b>2,448.55</b>	<b>2,325.04</b>
<b>6. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans Repayable on Demand to Banks:</b>		
– Working Capital Loans	4,333.18	8,213.18
<b>Total</b>	<b>4,333.18</b>	<b>8,213.18</b>
<b>7. TRADE PAYABLES</b>		
Trade Payables (Refer Note No.32)	5,663.41	6,813.55
<b>Total</b>	<b>5,663.41</b>	<b>6,813.55</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt:</b>		
– Term Loans from Banks	469.37	–
– Deferred Sales Tax Liability	–	89.69
Unpaid Dividends	12.25	11.01
Statutory Dues	186.34	205.63
Advances received from Customers	169.36	117.21
Outstanding Expenses	637.45	658.78
<b>Total</b>	<b>1,474.77</b>	<b>1,082.32</b>
<b>9. SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
– Gratuity	–	56.22
– Bonus	88.38	69.62
Provision for Dividend	435.01	696.01
Provision for Dividend Distribution Tax	70.57	112.91
Provision for Income Tax (Net of TDS & Advance Tax)	195.78	48.59
<b>Total</b>	<b>789.74</b>	<b>983.35</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

**(₹ in Lakhs)**

**10. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost upto 31.03.2012	Additions	Disposal	Cost upto 31.03.2013	Upto 31.03.2012	2012-13	Accu. Deprn. on Disposal	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>(i) Tangible Assets:</b>										
Land	3,027.60	9.22	16.00	3,020.82	-	-	-	-	3,020.82	3,027.60
Buildings	3,969.60	81.35	-	4,050.95	913.24	134.57	-	1,047.81	3,003.14	3,056.36
Plant & Machinery	17,727.51	737.60	329.73	18,135.38	5,486.92	873.09	283.37	6,076.64	12,058.74	12,240.59
Office Equipment	38.77	5.47	0.29	43.95	10.52	3.52	0.05	13.99	29.96	28.25
Vehicles	399.64	-	21.73	377.91	51.82	37.62	6.11	83.33	294.58	347.82
Furniture & Fittings	174.49	0.22	-	174.71	59.21	11.34	-	70.55	104.16	115.28
Computers	171.96	32.80	-	204.76	112.40	18.35	-	130.75	74.01	59.56
	25,509.57	866.66	367.75	26,008.48	6,634.11	1,078.49	289.53	7,423.07	18,585.41	18,875.46
<b>(ii) Intangible Assets:</b>										
Computer Software	197.18	5.99	-	203.17	52.30	32.51	-	84.81	118.36	144.88
<b>Total</b>	<b>25,706.75</b>	<b>872.65</b>	<b>367.75</b>	<b>26,211.65</b>	<b>6,686.41</b>	<b>1,111.00</b>	<b>289.53</b>	<b>7,507.88</b>	<b>18,703.77</b>	<b>19,020.34</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>11. NON-CURRENT INVESTMENTS</b>		
(Trade, Unquoted - At Cost - Fully Paid-Up)		
<b>Investment in Equity Instruments:</b>		
<b>Subsidiaries:</b>		
– NC Energy Ltd. 2,05,10,000 Equity Shares of ₹ 10/-each	2,051.00	–
<b>Associates:</b>		
– NC Energy Ltd. 5,90,000 Equity Shares of ₹ 10/- each	–	59.00
<b>Others:</b>		
– Saheli Exports Pvt. Ltd. 25,000 Equity shares of ₹ 10 /- each	2.50	2.50
<b>Total</b>	<b>2,053.50</b>	<b>61.50</b>
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Capital Advances	63.44	106.52
<b>Total</b>	<b>63.44</b>	<b>106.52</b>
<b>13. INVENTORIES</b>		
Raw Materials	1,323.90	1,734.05
Work-in-Progress	884.19	1,420.59
Finished Goods	1,162.16	1,395.83
Stores and Spares	275.14	404.09
Loose Tools	420.50	216.16
Moulding Boxes & Patterns	391.77	499.87
<b>Total</b>	<b>4,457.66</b>	<b>5,670.59</b>
– Finished Goods, Work-in-Progress and Raw Materials are valued at lower of the cost and net realisable value.		
– Moulding Boxes and Patterns are valued at lower of cost (estimated) and net realisable value.		

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)	As at 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>14. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	6,192.05	7,651.54
<b>Total</b>	<b>6,192.05</b>	<b>7,651.54</b>
Trade Receivables include an amount of ₹ 56.01 Lakhs (Previous Year: ₹ 128.08 Lakhs), outstanding for a period exceeding six months from the due date.		
<b>15. CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks:</b>		
– In Current Accounts	131.16	164.11
– Short Term Fixed Deposits	4,673.02	6,079.20
– Margin Money Deposits	–	3.93
– Unpaid Dividend Accounts	12.25	11.01
Cash on Hand	5.49	6.27
<b>Total</b>	<b>4,821.92</b>	<b>6,264.52</b>
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS 3 Cash Flow Statements is:	<b>4,809.67</b>	<b>6,253.51</b>
<b>16. SHORT-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Loans and Advances to Related Parties (Refer Note No. 35)	–	1,492.00
Deposits with/Receivables from Statutory/Govt. Authorities	1,521.66	1,371.03
Call Deposits with Companies	996.07	857.20
Advances for Supplies & Services	608.61	900.76
Advances given to Employees	18.40	27.62
Rental Advance	71.19	71.34
<b>Total</b>	<b>3,215.93</b>	<b>4,719.95</b>
<b>17. OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits	145.92	112.46
<b>Total</b>	<b>145.92</b>	<b>112.46</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	Year Ended 31 <sup>st</sup> March 2013 (₹ in Lakhs)	Year Ended 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Products - Iron Castings	56,811.16	71,864.22
Less: Excise Duty	6,051.34	6,554.50
<b>Total</b>	<b>50,759.82</b>	<b>65,309.72</b>
<b>19. OTHER INCOME</b>		
Interest Income	59.10	74.81
Dividend Income	3.03	0.08
Gain on Foreign Currency Transaction (Net)	10.49	22.00
Gain on Sale of Investments	–	3.08
Gain on Sale of Assets	67.64	2.90
Export Incentive	50.99	21.18
<b>Total</b>	<b>191.25</b>	<b>124.05</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Steel Scrap	18,769.50	25,400.86
Others	7,854.82	10,304.56
<b>Total</b>	<b>26,624.32</b>	<b>35,705.42</b>
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.		
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>		
<b>Closing Stock</b>		
Finished Goods	1,162.16	1,395.83
Work-in-Progress	884.19	1,420.59
	<b>2,046.35</b>	<b>2,816.42</b>
<b>Opening Stock</b>		
Finished Goods	1,395.83	1,583.97
Work-in-Progress	1,420.59	1,407.05
	<b>2,816.42</b>	<b>2,991.02</b>
<b>Decrease in Inventories of FG &amp; WIP</b>	<b>770.07</b>	<b>174.60</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	2,766.45	2,714.88
Contribution to Provident and Other Funds	213.19	213.53
Staff Welfare Expenses	390.10	328.74
<b>Total</b>	<b>3,369.74</b>	<b>3,257.15</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	Year Ended 31 <sup>st</sup> March 2013 (₹ in Lakhs)	Year Ended 31 <sup>st</sup> March 2012 (₹ in Lakhs)
<b>23. FINANCE COSTS</b>		
Interest Expense	692.87	812.44
Other Borrowing Costs	240.64	70.90
	<b>933.51</b>	<b>883.34</b>
Interest on Short Term Deposits	(628.40)	(526.95)
<b>Total</b>	<b>305.11</b>	<b>356.39</b>
<b>24. OTHER EXPENSES</b>		
Consumption of Stores and Spares	1,608.33	2,364.11
Fettling and Other Manufacturing Expenses	3,446.74	4,008.78
Power and Fuel	8,760.52	8,046.06
Freight and Forwarding Charges	1,190.56	1,544.46
<b>Repairs and Maintenance:</b>		
– Plant and Machinery	776.25	892.12
– Buildings	141.12	169.08
Rent	101.04	102.10
Insurance	45.37	39.01
Rates and Taxes	22.19	35.16
Printing and Stationery	18.88	13.67
Travelling and Conveyance	335.79	371.06
Advertisement	5.44	6.74
Legal and Professional Charges	90.96	102.84
Communication Charges	34.86	41.52
<b>Payment to Auditors:</b>		
– Audit Fee	9.00	8.00
– Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	4.90	3.80
Books, Periodicals & Subscriptions	5.23	6.64
Vehicle and Office Maintenance	52.24	44.96
Selling Expenses	34.86	245.58
Sales Commission	0.72	0.75
Loss on Sale of Assets	8.76	–
Miscellaneous Expenses	4.88	3.35
<b>Total</b>	<b>16,700.64</b>	<b>18,051.79</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

25. Term Loans from Standard Chartered Bank, HSBC Ltd. are secured by equitable mortgage of land, buildings and hypothecation of plant and machinery present and future. Working Capital Loan from State Bank of India is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores and book debts and second charge on fixed assets.

**26. COMMITMENTS** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of Tangible Fixed Assets.	186.03	532.69

**27. CONTINGENT LIABILITIES** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Letters of Credit/Bank Guarantees	10.59	212.78

**28. EXCISE DUTY**

Excise Duty on Sales has been disclosed as reduction from the turnover.

**29. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED AND THEIR PERCENTAGE TO CONSUMPTION**

Particulars	2012-13		2011-12	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	22.05	0.08	549.34	1.54
Indigenous	26,602.27	99.92	35,156.08	98.46
<b>Total</b>	<b>26,624.32</b>	<b>100.00</b>	<b>35,705.42</b>	<b>100.00</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

**30.**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
<b>(a) Value of Imports on C.I.F. Basis:</b>		
Capital Goods	975.31	140.47
Raw Materials	22.05	549.34
Spares & Others	20.34	94.31
<b>(b) Earnings in Foreign Exchange:</b>		
F.O.B. Value of Exports	212.87	270.90
<b>(c) Expenditure in Foreign Currency:</b>		
On account of Travel	12.64	29.92
On account of Interest Payments	36.14	–
On account of Other Matters	45.19	115.63

**31.** Balances of Sundry Debtors and Sundry Creditors are subject to confirmations to be obtained from the parties.

**32.** Amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro Small and Medium Enterprises Development Act, 2006 is ₹ 102.07 Lakhs as on 31<sup>st</sup> March 2013 (Previous Year: ₹ 571.51 Lakhs) and there is no overdue amount.

**33. INTERIM FINANCIAL REPORTING**

The Quarterly financial results are published in accordance with the requirements of Listing Agreement with Stock Exchanges.

**34. EMPLOYEE BENEFITS**

The Company has a defined benefit gratuity plan covering eligible employees. The following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

**NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)**

	<u>2012-13</u>	<u>2011-12</u>
	(₹)	(₹)
<b>1. Table Showing changes in present value of obligation as on 31<sup>st</sup> March 2013</b>		
Present value of obligations as at beginning of the year	2,91,40,826	2,45,32,562
Interest cost	23,31,266	19,62,605
Current Service Cost	32,95,419	26,79,749
Benefits Paid	(14,43,626)	(31,29,991)
Actuarial (gain)/loss on obligations	(94,637)	30,95,901
Present value of obligations as at end of the year	3,32,29,248	2,91,40,826
<b>2. Table showing changes in the fair value of plan assets as on 31<sup>st</sup> March 2013</b>		
Fair value of plan assets at beginning of the year	2,35,18,796	1,72,03,957
Expected return on plan assets	28,52,850	21,16,225
Contributions	89,17,449	73,28,605
Benefits Paid	(14,43,626)	(31,29,991)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at end of the year	3,38,45,469	2,35,18,796
<b>3. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	2,35,18,796	1,72,03,957
Actual return on plan assets (Expected Return + Actuarial Return)	28,52,850	21,16,225
Contributions	89,17,449	73,28,605
Benefits Paid	(14,43,626)	(31,29,991)
Fair value of plan assets at end of the year	3,38,45,469	2,35,18,796
Funded status	6,16,221	(56,22,030)
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)		
<b>4. Actuarial (Gain)/Loss recognized as on 31<sup>st</sup> March 2013</b>		
Actuarial (gain)/loss on benefit obligations	94,637	(30,95,901)
Actuarial (gain)/loss for the year - plan assets	NIL	NIL
Actuarial (gain)/loss on obligations	(94,637)	30,95,901
Actuarial (gain)/loss recognized in the year	(94,637)	30,95,901
<b>5. The amounts to be recognized in the Balance Sheet</b>		
Present value of benefit obligations as at end of the year	3,32,29,248	2,91,40,826
Fair value of plan assets as at end of the year	3,38,45,469	2,35,18,796
Funded status	6,16,221	(56,22,030)
Amount recognized in Balance Sheet	6,16,221	56,22,030
<b>6. Expenses Recognised in the Statement of Profit and Loss</b>		
Current Service cost	32,95,419	26,79,749
Interest Cost	23,31,266	19,62,605
Expected return on plan assets	(28,52,850)	(21,16,225)
Net Actuarial (gain)/loss recognized in the year	(94,637)	30,95,901
Expenses recognised in Statement of Profit and Loss	26,79,198	56,22,030
<b>7. Actuarial Assumptions</b>		
Discount Rate	8.00%	8.00%
Salary Escalation Rate per Unit	7.00%	7.00%
Mortality Rate	LIC 1994-96	LIC 1994-96
Expected Rate of Return	8.00%	8.00%



## NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

### 35. RELATED PARTY DISCLOSURE

As identified by the management and relied upon by the auditors

#### (a) List of Related Parties (2012-13)

**Subsidiary Company:-** NC Energy Ltd.

**Associate Company:-** Nelcast USA INC

**Key Management Personnel:-**

1. Mr. P. Deepak, Managing Director
2. Ms. P. Divya, Whole-Time Director
3. Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director

#### Transactions with Related Parties (2012-13) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel
Managerial Remuneration	–	–	238.31
Reimbursement of Expenses including the Retainer-ship Fee for the market services	–	25.71	–
<b>Investment in Shares:</b>			
Amount of Investment made during the year	500.00	–	–
Closing Balance as on 31 <sup>st</sup> March 2013	2,051.00	–	–

#### (b) List of Related Parties (2011-12)

**Associate Companies:-** NC Energy Ltd. & Nelcast USA INC

**Key Management Personnel:-**

1. Mr. P. Deepak, Director
2. Ms. P. Divya, Director
3. Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director
4. Mr. S. Radhakrishnan, Managing Director (part of the year)

#### Transactions with Related Parties (2011-12) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	Associate Companies	Key Management Personnel
Managerial Remuneration	–	–	304.51
Reimbursement of Expenses including the Retainer-ship Fee for the market services	–	115.63	–
<b>Share Application Money &amp; Investment in Shares:</b>			
Amount of investment made during the year	–	1,331.00	–
Closing Balance as on 31 <sup>st</sup> March 2012	–	1,551.00	–

36. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

*As per our report of even date*

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sessa Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary

*For and on behalf of the Board*



## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF  
NELCAST LIMITED**

We have audited the attached Consolidated Balance Sheet of Nelcast Limited ("the Company") and its subsidiary NC Energy Ltd. as at 31<sup>st</sup> March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flow for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of its subsidiary NC Energy Ltd. The subsidiary's financial statements and other financial information have been audited by other auditors, whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report the Consolidated Financial Statements have been prepared by the company's management in accordance with the requirement of Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Nelcast Limited and its subsidiary as at 31<sup>st</sup> March 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss of Nelcast Limited and its subsidiary for the year ended on that date; and
- (c) in the case of the Consolidated Statement of Cash Flow of the cash flows of Nelcast Limited and its subsidiary for the year ended on that date.

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S  
Place : Chennai  
Date : 25<sup>th</sup> May 2013

**CONSOLIDATED BALANCE SHEET AS AT**

PARTICULARS	Note No.	31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>I. EQUITY &amp; LIABILITIES</b>		
<b>1. Shareholders' Funds</b>		
(a) Share Capital	2	1,740.02
(b) Reserves and Surplus	3	23,418.90
<b>Sub-Total</b>		<b>25,158.92</b>
<b>2. Minority Interest</b>		
<b>Sub-Total</b>		<b>64.00</b>
<b>3. Non-Current Liabilities</b>		
(a) Long-Term Borrowings	4	4,136.94
(b) Deferred Tax Liability (Net)	5	2,448.55
<b>Sub-Total</b>		<b>6,585.49</b>
<b>4. Current Liabilities</b>		
(a) Short-Term Borrowings	6	4,333.18
(b) Trade Payables	7	5,663.41
(c) Other Current Liabilities	8	1,475.33
(d) Short-Term Provisions	9	789.74
<b>Sub-Total</b>		<b>12,261.66</b>
<b>TOTAL</b>		<b>44,070.07</b>
<b>II. ASSETS</b>		
<b>1. Non-Current Assets</b>		
(a) Fixed Assets		
(i) Tangible Assets	10	19,715.74
(ii) Intangible Assets	10	118.36
(iii) Capital Work-in-Progress	—	4,351.32
(b) Non-Current Investments	11	2.50
(c) Long-Term Loans and Advances	12	415.80
(d) Other Non-Current Assets	13	415.09
<b>Sub-Total</b>		<b>25,018.81</b>
<b>2. Current Assets</b>		
(a) Inventories	14	4,457.66
(b) Trade Receivables	15	6,192.05
(c) Cash and Cash Equivalents	16	4,832.76
(d) Short-Term Loans and Advances	17	3,215.93
(e) Other Current Assets	18	352.86
<b>Sub-Total</b>		<b>19,051.26</b>
<b>TOTAL</b>		<b>44,070.07</b>
<b>Significant Accounting Policies</b>	1	

*As per our report of even date*

**For J.B.REDDY & CO.,**  
Chartered Accountants

**D. Sessa Reddy**  
Chairman

**P. Deepak**  
Managing Director

**For and on behalf of the Board**  
**A. Balasubramanian**  
Director

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary

Place: Chennai  
Date : 25<sup>th</sup> May 2013



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

PARTICULARS	Note No.	31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>I.</b> Revenue from Operations (Gross)	<b>19</b>	56,811.16
Less: Excise Duty		6,051.34
Revenue from Operations (Net)		50,759.82
<b>II.</b> Other Income	<b>20</b>	191.25
<b>III. Total Revenue (I+II)</b>		<b>50,951.07</b>
<b>IV. EXPENSES:</b>		
Cost of Materials Consumed	<b>21</b>	26,624.32
Changes in Inventories of FG & WIP	<b>22</b>	770.07
Employee Benefits Expense	<b>23</b>	3,369.74
Finance Costs	<b>24</b>	305.11
Depreciation	<b>10</b>	1,111.00
Other Expenses	<b>25</b>	16,700.64
<b>Total Expenses</b>		<b>48,880.88</b>
<b>V. Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)</b>		<b>2,070.19</b>
<b>VI. Exceptional Items</b>		-
<b>VII. Profit Before Extra-ordinary Items and Tax (V-VI)</b>		<b>2,070.19</b>
<b>VIII. Extra-ordinary Items</b>		-
<b>IX. Profit Before Tax (VII-VIII)</b>		<b>2,070.19</b>
<b>X. Tax Expenses:</b>		
(1) Current Tax		555.54
(2) Deferred Tax		123.50
<b>XI. Profit for the Year (IX-X)</b>		<b>1,391.15</b>
<b>XII. Earnings per Equity Share:</b>		
(1) Basic		<b>1.60</b>
(2) Diluted		<b>1.60</b>
<b>Significant Accounting Policies</b>	<b>1</b>	

*As per our report of even date*

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place: Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sessa Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

*For and on behalf of the Board*

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED**

PARTICULARS	31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Net Profit Before Tax	2,070.19
Adjustments for:	
Depreciation	1,111.00
Interest Income & Dividend Income	(62.13)
(Profit)/Loss on sale of assets	(58.89)
Interest Paid	305.11
<b>Operating Profit before Working Capital Changes</b>	<b>1,295.09</b>
Adjustments for:	
Inventories	1,212.94
Trade Receivables	1,459.50
Long-Term Loans and Advances	(105.43)
Short-Term Loans and Advances	12.02
Other Non-Current Assets	(38.09)
Other Current Assets	(240.40)
Trade Payables	(1,150.14)
Other Current Liabilities	368.39
Short-Term Provisions	(193.61)
<b>Cash generated from Operations</b>	<b>1,325.18</b>
Taxes Paid/Provision for Tax	(555.54)
<b>Cash flow before Prior Period Items</b>	<b>4,134.92</b>
Prior Period Items	-
<b>Net Cash from Operating Activities</b>	<b>4,134.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	(1,062.08)
Sale of fixed assets	137.10
(Increase)/Decrease in Capital Work-In-Progress	(3,986.33)
(Increase)/Decrease in Unpaid Dividend A/cs	(1.24)
Interest Income & Dividend Income	62.13
<b>Net Cash from/(used in) in Investing Activities</b>	<b>(4,850.42)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Increase/(Decrease) in Long-Term Borrowings	3,855.32
Increase/(Decrease) in Short-Term Borrowings	(3,880.00)
Interest paid	(305.11)
Dividend paid (Including Distribution Tax)	(505.58)
<b>Net Cash from/(used in) in Financing Activities</b>	<b>(835.37)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(1,550.87)</b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b>6,371.38</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>4,820.51</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>	
Cash and Cash Equivalents as per Balance Sheet (Refer Note No.16)	4832.76
<b>Less:</b> Bank balances not considered as Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)	
- Unpaid Dividend Accounts	12.25
<b>Cash and Cash Equivalents at the end of the year</b>	<b>4820.51</b>

As per our Report of even date

For and on behalf of the Board

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sesha Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements of Nelcast Limited (“the company”) together with its subsidiary NC Energy Ltd. have been prepared under historical cost convention, on accrual basis, to comply, in all material aspects, with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

Investment in subsidiary has been accounted in accordance with accounting principles as defined in Accounting Standard 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

All material inter-company balances and inter-company transactions resulting in unrealized profit/loss are eliminated in full consolidation. The following are the details of the Company’s subsidiary.

Name of the Subsidiary	Country of Incorporation	Nature of Interest	% of Interest	Accounting Year
NC Energy Ltd.	India	Subsidiary	96.97%	31st March

### 2. SHARE CAPITAL

#### Authorised:

12,50,00,000 Equity Shares of ₹ 2/- each  
(Previous Year: 12,50,00,000 Equity Shares of ₹ 2/- each)

#### Issued, Subscribed and Paidup:

8,70,01,200 Equity Shares of ₹ 2/- each  
(Previous year: 8,70,01,200 Equity Shares of ₹ 2/- each)

#### Total

As at  
31<sup>st</sup> March 2013  
(₹ in Lakhs)

2,500.00

1,740.02

1,740.02

#### Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 <sup>st</sup> March 2013	
	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period (₹ 2/- each)	870.01	1,740.02
(b) Changes during the year	–	–
(c) At the closing of the period (₹ 2/- each)	870.01	1,740.02

#### Details of Equity Shareholders holding more than 5%:

Name of the shareholder	As at 31 <sup>st</sup> March 2013	
	No. of shares	%
P. Radhakrishna Reddy (Ind)*	2,55,44,030	29.36
P. Deepak	87,01,875	10.00
P. Deepak (HUF)	1,43,49,500	16.49
P. Divya	1,57,10,633	18.06

\* Transfer of Shares in favour of the Legal Heir, Mr. P. Deepak is to be effected after obtaining the Succession Certificate.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>3. RESERVES &amp; SURPLUS</b>	
<i>Securities Premium Account</i>	
Opening Balance	8,774.13
Add: Received during the year	–
<b>Sub-Total (a)</b>	<b>8,774.13</b>
<i>General Reserve</i>	
Opening Balance	10,000.00
Add: Current Year Appropriation	500.00
<b>Sub-Total (b)</b>	<b>10,500.00</b>
<i>Surplus</i>	
Opening Balance	<b>3,759.20</b>
Add: Net profit after tax transferred from Statement of P & L	1,391.15
<b>Profit available for Appropriation</b>	<b>5,150.35</b>
<u>Appropriations:</u>	
– General Reserve	500.00
– Interim Dividend	–
– Distribution Tax on Interim Dividend	–
– Final Dividend	435.01
– Distribution Tax on Final Dividend	70.57
<b>Closing Balance (c)</b>	<b>4,144.77</b>
<b>Total (a+b+c)</b>	<b>23,418.90</b>
<b>4. LONG-TERM BORROWINGS</b>	
Term Loan from Banks	3,981.93
Deposits from Public	155.01
<b>Total</b>	<b>4,136.94</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>5. DEFERRED TAX LIABILITY (NET)</b>	
Deferred Tax Liability	2,454.76
Deferred Tax Asset	(6.21)
<b>Total</b>	<b>2,448.55</b>
<b>6. SHORT-TERM BORROWINGS</b>	
<b>Secured Loans Repayable on Demand to Banks:</b>	
– Working Capital Loans	4,333.18
<b>Total</b>	<b>4,333.18</b>
<b>7. TRADE PAYABLES</b>	
Trade Payables	5,663.41
<b>Total</b>	<b>5,663.41</b>
<b>8. OTHER CURRENT LIABILITIES</b>	
<b>Current Maturities of Long-Term Debt:</b>	
– Term Loans from Banks	469.37
Unpaid Dividends	12.25
Statutory Dues	186.62
Advances received from Customers	169.36
Outstanding Expenses	637.73
<b>Total</b>	<b>1,475.33</b>
<b>9. SHORT-TERM PROVISIONS</b>	
<b>Provision for Employee Benefits:</b>	
– Bonus	88.38
Provision for Dividend	435.01
Provision for Dividend Distribution Tax	70.57
Provision for Income Tax (Net of TDS & Advance Tax)	195.78
<b>Total</b>	<b>789.74</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

(₹ in Lakhs)

**10. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost upto 31.03.2012	Additions	Disposal	Cost upto 31.03.2013	Upto 31.03.2012	2012-13	Accu. Deprn. on Disposal	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>(i) Tangible Assets:</b>										
Land	3,968.50	198.65	16.00	4,151.15	-	-	-	-	4,151.15	3,968.50
Buildings	3,969.60	81.35	-	4,050.95	913.24	134.57	-	1,047.81	3,003.14	3,056.36
Plant & Machinery	17,727.51	737.60	329.73	18,135.38	5,486.92	873.09	283.37	6,076.64	12,058.74	12,240.59
Office Equipment	38.77	5.47	0.29	43.95	10.52	3.52	0.05	13.99	29.96	28.25
Vehicles	399.64	-	21.73	377.91	51.82	37.62	6.11	83.33	294.58	347.82
Furniture & Fittings	174.49	0.22	-	174.71	59.21	11.34	-	70.55	104.16	115.28
Computers	171.96	32.80	-	204.76	112.40	18.35	-	130.75	74.01	59.56
	<b>26,450.47</b>	<b>1,056.09</b>	<b>367.75</b>	<b>27,138.81</b>	<b>6,634.11</b>	<b>1,078.49</b>	<b>289.53</b>	<b>7,423.07</b>	<b>19,715.74</b>	<b>19,816.36</b>
<b>(ii) Intangible Assets:</b>										
Computer Software	197.18	5.99	-	203.17	52.30	32.51	-	84.81	118.36	144.88
<b>Total</b>	<b>26,647.65</b>	<b>1,062.08</b>	<b>367.75</b>	<b>27,341.98</b>	<b>6,686.41</b>	<b>1,111.00</b>	<b>289.53</b>	<b>7,507.88</b>	<b>19,834.10</b>	<b>19,961.24</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>11. NON-CURRENT INVESTMENTS</b>	
(Trade, Unquoted - At Cost - Fully Paid-Up)	
Investment in Equity Instruments:	
Others:	
– Saheli Exports Pvt. Ltd.	2.50
25,000 Equity shares of ₹ 10/- each	
<b>Total</b>	<b>2.50</b>
<b>12. LONG-TERM LOANS AND ADVANCES</b>	
(Unsecured, Considered Good)	
Capital Advances	415.80
<b>Total</b>	<b>415.80</b>
<b>13. OTHER NON-CURRENT ASSETS</b>	
Preliminary Expenditure	1.82
<b>Pre-Operative Expenditure/(Income):</b>	
Audit Fees	0.67
Bank Charges	0.20
Director's Remuneration	318.25
Printing & Stationery	0.26
Professional Charges	64.83
Project Expenses	7.53
ROC Filing Charges	24.55
Travelling & Conveyance	3.58
Miscellaneous Expenses	0.49
Dividend Received	(7.09)
<b>Total</b>	<b>415.09</b>
<b>14. INVENTORIES</b>	
Raw Materials	1,323.90
Work-in-Progress	884.19
Finished Goods	1,162.16
Stores and Spares	275.14
Loose Tools	420.50
Moulding Boxes & Patterns	391.77
<b>Total</b>	<b>4,457.66</b>
– Finished Goods, Work-in-Progress and Raw Materials are valued at lower of the cost and net realisable value.	
– Moulding Boxes and Patterns are valued at lower of cost (estimated) and net realisable value.	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	As at 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>15. TRADE RECEIVABLES</b>	
Unsecured, Considered Good	6,192.05
<b>Total</b>	<b>6,192.05</b>
Trade Receivables include an amount of ₹ 56.01 Lakhs (Previous Year: ₹ 128.08 Lakhs), outstanding for a period exceeding six months from the due date.	
<b>16. CASH AND CASH EQUIVALENTS</b>	
<b>Balances with Banks:</b>	
– In Current Accounts	141.68
– Short Term Fixed Deposits	4,673.02
– Unpaid Dividend Accounts	12.25
Cash on Hand	5.60
DDs on Hand	0.21
<b>Total</b>	<b>4,832.76</b>
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS 3 Cash Flow Statements is:	<b>4,820.51</b>
<b>17. SHORT-TERM LOANS &amp; ADVANCES</b>	
<b>(Unsecured, Considered Good)</b>	
Deposits with/Receivables from Statutory/Govt. Authorities	1,521.66
Call Deposits with Companies	996.07
Advances for Supplies & Services	608.61
Advances given to Employees	18.40
Rental Advance	71.19
<b>Total</b>	<b>3,215.93</b>
<b>18. OTHER CURRENT ASSETS</b>	
Accrued Interest on Fixed Deposits	145.92
Investment in Tata Money Market Fund	206.94
<b>Total</b>	<b>352.86</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	Year ended 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>19. REVENUE FROM OPERATIONS</b>	
Sale of Products - Iron Castings	56,811.16
Less: Excise Duty	6,051.34
<b>Total</b>	<b>50,759.82</b>
<b>20. OTHER INCOME</b>	
Interest Income	59.10
Dividend Income	3.03
Gain on Foreign Currency Transaction (Net)	10.49
Gain on Sale of Assets	67.64
Export Incentive	50.99
<b>Total</b>	<b>191.25</b>
<b>21. COST OF MATERIALS CONSUMED</b>	
Steel Scrap	18,769.50
Others	7,854.82
<b>Total</b>	<b>26,624.32</b>
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.	
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) &amp; WORK-IN-PROGRESS (WIP)</b>	
<b>Closing Stock</b>	
Finished Goods	1,162.16
Work-in-Progress	884.19
	<b>2,046.35</b>
<b>Opening Stock</b>	
Finished Goods	1,395.83
Work-in-Progress	1,420.59
	<b>2,816.42</b>
<b>Decrease in Inventories of FG &amp; WIP</b>	<b>770.07</b>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>	
Salaries, Wages and Bonus	2,766.45
Contribution to Provident and Other Funds	213.19
Staff Welfare Expenses	390.10
<b>Total</b>	<b>3,369.74</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

	Year ended 31 <sup>st</sup> March 2013 (₹ in Lakhs)
<b>24. FINANCE COSTS</b>	
Interest Expense	692.87
Other Borrowing Costs	240.64
	<b>933.51</b>
Interest on Short Term Deposits	(628.40)
<b>Total</b>	<b>305.11</b>
<b>25. OTHER EXPENSES</b>	
Consumption of Stores and Spares	1,608.33
Fettling and Other Manufacturing Expenses	3,446.74
Power and Fuel	8,760.52
Freight and Forwarding Charges	1,190.56
<b>Repairs and Maintenance:</b>	
– Plant and Machinery	776.25
– Buildings	141.12
Rent	101.04
Insurance	45.37
Rates and Taxes	22.19
Printing and Stationery	18.88
Travelling and Conveyance	335.79
Advertisement	5.44
Legal and Professional Charges	90.96
Communication Charges	34.86
<b>Payment to Auditors:</b>	
– Audit Fee	9.00
– Tax Audit Fee	2.00
Sitting Fee to Directors	4.90
Books, Periodicals & Subscriptions	5.23
Vehicle and Office Maintenance	52.24
Selling Expenses	34.86
Sales Commission	0.72
Loss on Sale of Assets	8.76
Miscellaneous Expenses	4.88
<b>Total</b>	<b>16,700.64</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)

### 26. SEGMENT REPORTING

The Company is principally engaged only in the business of manufacture and sale of Iron Castings, there are no reportable segments as per Accounting Standard No. 17 “Segmental Reporting” issued by The Institute of Chartered Accountants of India.

### 27. RELATED PARTY DISCLOSURE

As identified by the management and relied upon by the auditors

#### List of Related Parties (2012-13)

**Associate Company:- Nelcast USA INC**

**Key Management Personnel:-**

1. Mr. P. Deepak, Managing Director
2. Ms. P. Divya, Whole-Time Director
3. Mr. P. Vijaya Bhaskar Reddy, Deputy Managing Director

#### Transactions with Related Parties (2012-13) (₹ in Lakhs)

Nature of Transactions	Associate Company	Key Management Personnel
Managerial Remuneration	–	238.31
Reimbursement of Expenses including the Retainer-ship Fee for the market services	25.71	–

### 28. COMMITMENTS

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2013
Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of Tangible Fixed Assets.	186.03

### 29. CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2013
Letters of Credit/Bank Guarantees	10.59

As per our report of even date

**For J.B.REDDY & CO.,**  
Chartered Accountants

**A.V. REDDY**  
Partner  
Membership No. 23983  
Firm Regn. No. 003256S

Place : Chennai  
Date : 25<sup>th</sup> May 2013

**D. Sesa Reddy**  
Chairman

**P. Vijaya Bhaskar Reddy**  
Dy. Managing Director

**P. Deepak**  
Managing Director

**A. Balasubramanian**  
Director

**S.K. Sivakumar**  
Chief Financial Officer &  
Company Secretary

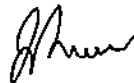
For and on behalf of the Board

FORM A

- |   |                  |
|---|------------------|
| 1. Name of the Company:                           | Nelcast Limited. |
| 2. Annual financial statements for the year ended | 31st March 2013  |
| 3. Type of Audit observation                      | Un-qualified     |
| 4. Frequency of observation                       | Not Applicable   |



Managing Director



Chief Financial Officer



Chairman, Audit  
Committee

For J.B. REDDY & CO.  
CHARTERED ACCOUNTANTS

  
A.V. REDDY  
PARTNER  
MEMBERSHIP No. 239

Auditor of the Company