

NOTICE TO SHAREHOLDERS

Notice is hereby given that the **Thirty Second** Annual General Meeting of the Members of Nelcast Limited will be held on Wednesday, the 6th August 2014 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 receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, 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 2013-14.
3. To appoint a Director in the place of Mr. P. Vijaya Bhaskar Reddy (holding DIN 00020592), 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., (Firm Registration No.003256S), Chartered Accountants, be and is 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 an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. R. Mohan Reddy (holding DIN 00841038), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.”

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

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A. Balasubramanian (holding DIN 00490921), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.”

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

“RESOLVED THAT pursuant to provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. D. Sessa Reddy (holding DIN 00520448), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), payment of remuneration of ₹ 1,00,000/- (Rupees One Lakh Only) (apart from re-imbursment of out-of-pocket expenses if any) to M/s. Jayaram & Associates, Cost Auditors for conducting the cost audit of the Company for the financial year ending March 31, 2015, be and is hereby approved and ratified.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 and Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to any other approval as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. P. Vijaya Bhaskar Reddy (holding DIN 00020592) as Deputy Managing Director of the Company for a period of three years from 1st April 2014 to 31st March 2017 and for the payment of his remuneration, allowances and perquisites as detailed below and as approved at the meeting of the Board of Directors and recommended by the Nomination & Remuneration Committee.”

Period : 3 Years from 01.04.2014 to 31.03.2017

Salary : Basic Salary of ₹ 3,27,000/- per month
Special Allowance of ₹ 50,000/- per month

Perquisites:

- (i) Housing: Free furnished residential accommodation, owned or leased out by the Company or House Rent Allowance subject to a ceiling of 30% of the Salary.
- (ii) Medical Reimbursement: Reimbursement of expenses incurred for self and family including premium for medical insurance.
- (iii) Personal Accident insurance Premium not exceeding ₹ 10,000/-.
- (iv) Contribution to funds: Company's contribution towards Provident Fund and Superannuation Fund will be as per the scheme of the Company. Gratuity as per the rules of the company, not exceeding half a month's salary for each completed year of service.
- (v) Car shall be provided for use on company's business and telephone at residence.
- (vi) Fees of Club allowed for one club.

A special incentive of Rupees Twenty Four Lakhs per annum shall also be paid.

Increment of not exceeding 20% may be paid during his tenure of three years.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the Dy. Managing Director shall be paid a minimum remuneration as specified above and same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013 (Corresponding Section II of Part II of Schedule XIII of Companies Act, 1956).

"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in supersession to the Ordinary Resolution adopted at the 26th Annual General Meeting held on 31st May 2008 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time any sum or sums of money on such terms and conditions and with or without security as the Board may think fit, which notwithstanding the fact that the amount borrowed / to be so borrowed (apart from temporary loans obtained / to be obtained in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding ₹ 200 Crores (Rupees Two Hundred Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate, finalise and settle with the lenders concerned, all deeds, documents and writings for the purpose of borrowings and to do all such acts, deeds and things as may be necessary and expedient for giving effect to the aforesaid resolution."

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

“RESOLVED THAT in supersession to the Ordinary Resolution adopted at the 26th Annual General Meeting held on 31st May 2008 and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company to create such charges, mortgages and hypothecation of all or any of the immovable and movable properties of the company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit, for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/Banks/insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the company to the concerned lenders for the purpose of securing such borrowings.”

“RESOLVED FURTHER THAT the mortgage/charge created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the board are hereby confirmed.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for mortgaging and/or charging the properties of the Company and for giving effect to the aforesaid resolution.

By Order of the Board

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

Place: Chennai
Date : 24th May 2014

Registered Office
No. 34, Industrial Estate,
Gudur, Andhra Pradesh - 524 101.
CIN: L27109AP1982PLC003518

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 INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY(S) NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The dividend of ₹ 0.70/- per share has been recommended by the Board of Directors for the year ended 31st March 2014 and subject to the approval of the shareholders at the ensuing Annual General Meeting.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. The Company has notified closure of Register of Members and Share Transfer Books from 1st August 2014 to 6th August 2014 (both days inclusive).
6. The proxy form duly completed should be deposited at the Registered Office of the Company / Office of the Share Transfer Agents not later than 48 hours before the commencement of the meeting.
7. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

10. 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.
11. Pursuant to the provisions of section 205A of the Companies Act, 1956, and Section 124 read with Section 125 of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force) the amount of dividend remaining unpaid for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. Members who have not encashed their dividend are requested to contact the Company's Registrar and Share Transfer Agent for payment in respect of the unclaimed dividend.
12. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.nelcast.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

13. Re-Appointment of Directors:

At the forthcoming Annual General Meeting, Mr. P. Vijaya Bhaskar Reddy, Director 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.

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

Mr. P. Vijaya Bhaskar Reddy aged about 58 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 33 years of experience in finance and accounts and also in business management.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
NC Energy Limited	Nomination & Remuneration Committee
Ponnas Infrastructure Private Limited	Nil

14. Voting through electronic means:

- In compliance with provisions of Section 108 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014, the company is pleased to offer e-voting facility to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-voting to enable the Shareholders to cast their votes electronically.
- Mr. P. R. Lakshmi Narayanan, Practising Company Secretary, Chennai has been appointed as the Scrutinizer to Scrutinize the E-Voting Process in a fair and transparent manner.

The instructions for Shareholders for e-Voting are as under:

- A. In case of Shareholders' receiving e-mail from NSDL:
- i. Open e-mail and open PDF file viz., "Nelcast e-Voting.pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>
 - iii. Click on Shareholder - Login.
 - iv. Enter the user id and password as initial password noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of e-Voting opens. Click on e-Voting: Active e-Voting Cycles.
 - vii. Select "EVEN" of Nelcast Ltd.
 - viii. Now you are ready for e-Voting as Cast Vote Page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolutions, you will not be allowed to modify your vote.
 - xii. For the votes to be considered valid, then institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution / Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at scrutinizernelcast@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case of Shareholders' receiving the physical copy of the Notice of AGM:
(i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM.

EVEN	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from S. No. (ii) to S. No. (xii) above, to cast vote.
- C. In case of any queries with respect to e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Download section of www.evoting.nSDL.com
- D. If you are already registered with NSDL for e-Voting then you can use your existing User ID and Password / PIN for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s). Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.
- F. The e-voting period for e-Voting module commences on 31st July 2014 @ 9.00 AM and ends on 2nd August 2014 @ 5.30 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date (record date) of 4th July 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once, the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- G. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 4th July 2014.
- H. The Scrutinizers shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in presence of at least two (2) witnesses not in the employment of the Company and make Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- I. The Results declared along with the Scrutinizer's Report shall be placed on the Company's Website www.nelcast.com and on the website of NSDL within 2 days of passing of the Resolutions at the 32nd AGM of the company and communicated to the stock exchanges where the shares of the Company are listed.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 11 of the accompanying Notice dated 24th May 2014.

Item No. 5

Mr. R. Mohan Reddy is a Non-Executive Independent Director of the Company. Mr. R. Mohan Reddy joined the Board of Directors of the Company on 02.01.1984. He is the Chairman of the Nomination & Remuneration Committee and member of the Audit Committee and Stakeholders Grievance Committee. A brief profile of Mr. R. Mohan Reddy is given below:

Mr. R. Mohan Reddy, aged about 73 years, holds a bachelor degree in Engineering and has completed his Masters in Business Management from Osmania University. He was a General Manager in Andhra Pradesh Industrial Development Corporation, in charge of project appraisals, revival of sick units, monitoring assisted units etc.; He was also the Managing Director of Hyderabad Allwyn Limited.

As per the provisions of Section 149 of the Act which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. R. Mohan Reddy has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. R. Mohan Reddy fulfills the conditions specified in the Act and the Rules made there under for appointment as an Independent Director and he is independent of the Management. The Company has received a notice from a member proposing his candidature for the office of the Director of the Company.

The matter regarding the appointment of Mr. R. Mohan Reddy as an Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. R. Mohan Reddy as an Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Mr. R. Mohan Reddy, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day of the Company.



Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Lokesh Machines Ltd	Audit Committee Nomination & Remuneration Committee Stakeholders Grievance Committee
M.L.R.Motors Limited	Nil
NC Energy Limited	Nomination & Remuneration Committee

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

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

Memorandum of Interest:

Except Mr. R. Mohan Reddy, being an appointee, no other Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

Item No. 6

Mr.A. Balasubramanian is a Non-Executive Independent Director of the Company. Mr. A. Balasubramanian joined the Board of Directors of the Company on 31.10.2009. He is the Chairman of the Audit Committee and member of the Nomination & Remuneration Committee. A brief profile of Mr. A. Balasubramanian is given below:

Mr. A. Balasubramanian, aged about 65 years, holds a Bachelor degree in Science and a Chartered Accountant. He has about 38 years of experience in the areas of Banking, Finance and Management. He worked in Punjab National Bank for about 30 years at various capacities and retired as Chief General Manager. Earlier to that he worked in Tata Group of Companies for about 4 years.

As per the provisions of Section 149 of the Act which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. A. Balasubramanian has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. A. Balasubramanian fulfills the conditions specified in the Act and the Rules made there under for appointment as an Independent Director and he is independent of the Management. The Company has received a notice from a member proposing his candidature for the office of the Director of the Company.

The matter regarding the appointment of Mr. A. Balasubramanian as an Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. A. Balasubramanian as an Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Mr. A. Balasubramanian, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day of the Company.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Bedmutha Industries Limited	Audit Committee
Butterfly Gandhimathi Appliances Limited	Audit Committee Nomination & Remuneration Committee

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

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

Memorandum of Interest:

Except Mr. A. Balasubramanian, being an appointee, no other Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

Item No. 7

Mr. D. Sesha Reddy is a Non-Executive Independent Director of the Company. Mr. D. Sesha Reddy joined the Board of Directors of the Company on 07.06.1982. He is the Chairman of the Stakeholders Grievance Committee and member of Audit Committee and Nomination & Remuneration Committee. A brief profile of Mr. D. Sesha Reddy is given below:

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 since its inception.

As per the provisions of Section 149 of the Act which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. D. Sesha Reddy has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. D. Sesha Reddy fulfills the conditions specified in the Act and the Rules made there under for appointment as an Independent Director and he is independent of the Management. The Company has received a notice from a member proposing his candidature for the office of the Director of the Company.



The matter regarding the appointment of Mr. D. Sesha Reddy as an Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as an Independent Director of the Company for a consecutive period of five years with effect from 6th August 2014 to 5th August 2019.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. D. Sesha Reddy as an Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Mr. D. Sesha Reddy, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day of the Company.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Dodla Dairy Limited	Audit Committee
Dodla Enterprises Private Limited	Nil
Reddy Builders Private Limited	Nil

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

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

Memorandum of Interest:

Except Mr. D. Sesha Reddy, being an appointee, no other Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

Item No. 8:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors amounting to ₹ 1 Lakh per annum, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the Shareholders of the Company and hence the Resolution.

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

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution.

Item No. 9

Mr. P. Vijaya Bhaskar Reddy - Dy. Managing Director has been holding office since 1st April 2011 and in terms of his appointment, it expired on 31st March 2014.

The Remuneration Committee at its meeting held on 10th February 2014 and the Board of Directors at its meeting held on 10th February 2014 has re-appointed Mr. P. Vijaya Bhaskar Reddy as Deputy Managing Director for a further period of three years with effect from 1st April 2014 to 31st March 2017.

The approval of the members is being sought for the re-appointment of Mr. P. Vijaya Bhaskar Reddy as the Deputy Managing Director of the Company for a period of three years effective from 1st April 2014. The terms and conditions mentioned in the resolution have already been communicated / circulated to the members through an Abstract as required under Section 302 of the Companies Act, 1956.

Further the members are requested to note that the reappointment of Mr. P. Vijaya Bhaskar Reddy as the Dy. Managing Director is in compliance with the sections 196, 197 and the Rules made thereunder read with Schedule V of the Companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013 and subject to the approval of members at the General Meeting of Company. In light of the said provisions, you are requested to accord your approval to the reappointment of Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director on the above terms and conditions.

Minimum Remuneration:

Notwithstanding anything herein contained, where in any financial year during the period of his office as a Deputy Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr. P. Vijaya Bhaskar Reddy remuneration by way of salary, allowances, perquisites not exceeding the maximum limits laid down in Section II of Part II of Schedule V of the Companies Act, 2013 (corresponding to Section II of Part II of Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr. P. Vijaya Bhaskar Reddy.

Mr. P. Vijaya Bhaskar Reddy aged about 58 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 33 years of experience in finance, accounts and also in business management. He is member of the Audit Committee and Stakeholders Relationship Committee of the Company.

Mr. P. Vijaya Bhaskar Reddy holds 18,91,970 shares in the Company. Details other Directorships/ Committee Memberships held by him.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
NC Energy Limited	Nomination & Remuneration Committee
Ponnas Infrastructure Private Limited	Nil

Copy of the Agreement referred to in the Resolution would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956), the Board recommends the Special Resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members.



The statement as required under Para A of Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Item No. 9 is as follows:

I. General Information:

- (1) Nature of Industry: Manufacturer of Iron Castings.
- (2) Date or expected date of commencement of commercial production: Existing Company already commenced from 1985.
- (3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Existing Company, not applicable.
- (4) Financial performance based on given indicators: (₹ in Cr.)

Particulars	2013-14	2012-13	2011-12
Net Sales	515.16	507.60	653.10
PBDT	49.13	31.81	78.88
Depreciation	12.84	11.11	11.02
PBT	36.29	20.70	67.86
Provision for Taxation	13.80	6.79	21.58
PAT	22.49	13.91	46.28

- (5) Foreign Investment of Collaborators, if any: Nil

II. Information about the Appointee Mr. P. Vijaya Bhaskar Reddy

(1) Background details:

Mr. P. Vijaya Bhaskar Reddy aged about 58 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 33 years of experience in finance, accounts and also in business management. He is member of the Audit Committee and Stakeholders Relationship Committee of the Company.

(2) Past remuneration:

During the year 2013-14, Mr. P. Vijaya Bhaskar Reddy was paid the same Salary, perquisite and allowances as proposed now.

(3) Recognition or awards: Nil

(4) Job profile and his suitability:

Mr. P. Vijaya Bhaskar Reddy is involved in the day to day management of the Company including Financials, Materials Management and has key role in running the affairs of the Company including Planning, Budgeting, Funding, and Liaisoning with the Investors and Corporate affairs. He has good knowledge of foundry operations, with more than 30 years of experience in the industry. As a Dy. Managing Director he has played a prominent role in the growth story of Nelcast.

(5) Remuneration proposed:

As mentioned in the Resolution proposed at Item No. 9 of the Notice.

- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The proposed remuneration is comparable with the remuneration drawn by the peers and is necessitated due to complexities of business. Taking in to account the turnover of the Company and responsibilities of Mr. P. Vijaya Bhaskar Reddy, the proposed remuneration to the appointee is reasonable in the industry.

- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Not Applicable

III. Other Information:

- (1) Reasons of loss or inadequate profits: The resolution is being passed to take care of any contingency situation which may arise in the industry due to Economic Downturn, Cyclical slow down in the auto sector, irregular monsoon etc.,
- (2) Steps taken or proposed to be taken for improvement: The necessary steps will be initiated when the situation arises due to above factors.
- (3) Expected increase in productivity and profits in measurable terms: Can be ascertained only when the situation arises.

Memorandum of Interest:

Except Mr. P. Vijaya Bhaskar Reddy, being an appointee, no other Directors or Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the above resolution

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange

Item No. 10

Under the erstwhile Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

Under the provisions of Section 180(1)(c) of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293(1)(d) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e., up to 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special



Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company. The borrowing limit of Rupees 200 Crores under the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 31st May 2008 remains unchanged.

The Board recommends the Resolution at Item No.10 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution mentioned at Item No.10 of the Notice.

Item No. 11

Under the erstwhile Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Ordinary Resolution, create charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

Under the provisions of Section 180(1)(a) of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293(1)(a) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e., up to 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to create charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

The Board recommends the Resolution at Item No.11 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution mentioned at Item No.11 of the Notice.

By Order of the Board

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

Place: Chennai
Date : 24th May 2014

Registered Office
No. 34, Industrial Estate,
Gudur, Andhra Pradesh - 524 101.
CIN: L27109AP1982PLC003518

BOARD OF DIRECTORS

Mr. D. Sessa Reddy
Chairman

Mr. P. Deepak
Managing Director

Mr. R. Mohan Reddy
Director

Mr. A. Balasubramanian
Director

Ms. P. Divya
Director

Mr. P. Vijaya Bhaskar Reddy
Dy. Managing Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. S.K. SIVAKUMAR

AUDITORS

J.B.REDDY & Co.,
Chartered Accountants
206, Srinilaya Estates, Ameerpet,
Hyderabad-500 073

BANKERS

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

REGISTERED OFFICE

34, Industrial Estate, Gudur-524 101
Phone: 08624-251266/766, Fax: 08624-252066
CIN: L27109AP1982PLC003518

CORPORATE OFFICE

159, T.T.K. Road, Alwarpet, Chennai-600 018
Phone: 044-24983111/4111, Fax: 044-24982111
Email: nelcast@nelcast.com
Website: www.nelcast.com

PLANTS

- 1. Gudur Unit:**
34, Industrial Estate, Gudur-524 101
Phone: 08624-251266/766
Fax: 08624-252066
- 2. Ponneri Unit:**
Madhavaram Village, Amur Post, Ponneri-601 204
Phone: 044-27974165/1506
Fax: 044-27973620



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Annual
Report
2013 - 14

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DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Second Annual Report along with the Audited Accounts for the financial year ended 31st March 2014:

PERFORMANCE	(₹ in Lakhs)	
FINANCIAL RESULTS	<u>2013-14</u>	<u>2012-13</u>
Net Sales	51,516.08	50,759.82
PBIDT	5,099.03	3,486.30
Profit Before Tax (PBT)	3,629.44	2,070.19
<i>Less: Provision for Tax</i>	1,379.89	679.04
Profit After Tax (PAT)	2,249.55	1,391.15
<i>Add: Profit brought forwarded from previous years</i>	4,144.77	3,759.20
Profit Available for Appropriation	6,394.32	5,150.35
Less: Appropriations		
Final Dividend on Equity Shares	609.01	435.01
Distribution Tax on Final Dividend	103.50	70.57
General Reserve	1500.00	500.00
Surplus Carried to Balance Sheet	4,181.81	4,144.77

DIVIDEND

Your Directors recommend a final dividend of 35% (₹ 0.70 per share) for the financial year 2013-14 against 25% for the previous year.

OPERATIONS

During the year, the Company recorded Net Sales of ₹ 515.16 crores as against ₹ 507.60 crores in 2012-13, a marginal increase of about 1.50%. Profit Before Tax made during the year is ₹ 36.29 crores compared with ₹ 20.70 crores in 2012-13, a significant increase of about 75% compared with previous year. The production during the year was 70025 MT, compared to the previous year's 67953 MT.

During the year, the Company has increased its sales from Tractor industry compared with Commercial Vehicle segment. This has resulted in marginal increase in sales. However, there was no significant increase in total sales due to slow down in the economy especially in the auto sector.



DIRECTORS' REPORT – (Contd.)

OUTLOOK

The automotive industry was growing consistently over the past decade, but with Indian GDP slowing over the couple of years, the auto industry growth also witnessed a corresponding slow down. However, 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. India is now a supplier of a range of high value and critical automobile components to global auto market.

CONSOLIDATED FINANCIAL STATEMENTS

The Company has prepared Consolidated Financial Statements of Nelcast Limited and its subsidiary NC Energy Limited as at 31st March 2014, 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.

In accordance with the general exemption granted by Ministry of Corporate Affairs vide circular No. 2/2011 dated February 8, 2011, the Company has not attached the financial statements of the subsidiary company. However, the financial information of the subsidiary company, duly audited by the auditors is disclosed in the annual report. The Company will make available the audited annual accounts and related information of its subsidiary, upon request by any of its shareholders. The annual accounts of the subsidiary company will also be kept for inspection, by any member at the Registered Office of the Company and its subsidiary company. The consolidated financial statements presented by the Company, which form part of this annual report, include financial results of its subsidiary company.

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 31st March 2014 stand at ₹ 177.64 lakhs. There are no overdue of deposits as on 31st March 2014.

DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. In compliance with the provisions of Section 149 read with Schedule IV of the Act, Mr. D. Sesha Reddy, Mr. R. Mohan Reddy and Mr. A. Balasubramanian have been

DIRECTORS' REPORT – (Contd.)

recommended to be appointed as Independent Directors of the Company for a term of five years by the Nomination and Remuneration Committee and Board of Directors at their respective meetings held on 24th May 2014 with effect from the date of the forthcoming Annual General Meeting. In the opinion of the Board, they fulfill the conditions specified in the Act and the Rules made there under for appointment as Independent Directors and are Independent of the Management. Details of the proposal for appointment of Independent Directors are mentioned in the Explanatory statement under Section 102 of the Companies Act, 2013 of the Notice of the 32nd Annual General Meeting.

The Independent Directors have fulfilled the criteria of Independence as defined under Section 149(6) of the Companies Act, 2013 and requisite declarations in terms of Section 149(7) of the Act have been received.

Mr. P. Vijaya Bhaskar Reddy is due to retire by rotation and being eligible offers himself for re-appointment. He was reappointed as Deputy Managing Director by the board of directors at their meeting held on 10th February 2014 for a further period of three years. Your approval is sought for his re-appointment.

Consequent to appointment of Ms. P. Divya as Managing Director of our subsidiary "NC Energy Limited", she has resigned as Whole-Time Director of the Company and will continue as Director of 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 31st March 2014, 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 31st March 2014 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 2014-15. 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 the Companies Act, 2013.



DIRECTORS' REPORT – (Contd.)

COST AUDITORS

As per Section 148 read with Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of your Company has appointed M/s. Jayaram & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2014-15 on the recommendations made by the Audit Committee.

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.

CORPORATE SOCIAL RESPONSIBILITIES

The Company believes in sharing its prosperity with the society. The Company has been doing CSR activities by providing books and other necessary things for the nearby schools, which covers mostly weaker sections of the society. The Company offers medical facilities free of cost to villagers near to the factory. Health education programmes being conducted to create awareness among the employees.

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

Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are set out in Annexure II and form part of this report. However, pursuant to Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to shareholders excluding the aforesaid annexure. The said particulars will be made available to a member upon request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

The Directors place on record 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, 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 : 24th May 2014

D. Sesa 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:

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company.

Existing activities:

The Company has been continuously putting effort to develop new products for new applications to Commercial Vehicle & Tractor segments. During the year the Company has developed in excess of 100 new components for these segments. The Company also developed several new products for Army, Construction & Mining Applications. During the year, the Company has also made its first entry into the global SUV Market. The Company is doing many research activities in the areas of component weight reduction, core cost reduction, core weight reduction, process design, process improvement, etc.

2. Benefits derived as a result of R & D:

- (a) Market expansion and improved competitive position through significantly improved products for new markets.
- (b) New opportunities in global markets by introducing new range of products.
- (c) Improved competency for designing process & products for global customers.
- (d) Acquiring competency in new areas like Machined Castings & sub-assemblies.
- (e) Reduced product development lead time and improved product quality due to advancement of simulation capabilities.
- (f) Improved surface finish of the products helped to obtain new business opportunities with global customers.
- (g) Upgradation of technical skill of employees for higher productivity & more consistent quality.



DIRECTORS' REPORT – ANNEXURE I (Contd.)

3. Future plan of action:

- (i) Development of optimized methods of melting metal to reduce energy consumption.
- (ii) Expanding market for automotive applications & conversion of components from other processes & materials to Iron Castings.
- (iii) Launch of new products like Differential Carriers & Axle Housings for export customers.
- (iv) New materials development for innovative next generation products like Austempered Ductile Iron applications.
- (v) Development of new production processes to create competitive advantage on certain range of components.
- (vi) Development of new surface coating processes for Iron castings.
- (vii) To co-develop components closely with our customers to improve product performance & manufacturability.

4. Expenditure on R & D: (₹ in Lakhs)

Capital expenditure	:	10.64
Recurring expenditure (including salaries)	:	341.18
Total	:	<u>351.82</u>
Total expenditure as percentage of net sales	:	0.68%

C. FOREIGN EXCHANGE EARNING AND OUTGO:

- (a) Activities relating to export initiatives taken to increase, development of new export markets : Initiatives are being taken to capture new export markets which is expected to yield results in the coming years.
- (b) Total Foreign Exchange Used : ₹ 348.83 Lakhs
- Total Foreign Exchange Earned : ₹ 330.56 Lakhs

For and on behalf of the Board

Place : Chennai
Date : 24th May 2014

D. Sesa Reddy
Chairman

DIRECTORS' REPORT – (Contd.)

Statement pursuant to Section 212 of the Companies Act, 1956:
 Relating to Subsidiary Company for the financial year ended 31st March 2014

S.No.	Particulars	
1.	Name of the Subsidiary	NC Energy Limited
2.	The financial year of the subsidiary Company ended on	31 st March 2014
3.	Extent of Interest of the Holding Company at the end of the financial year of the Subsidiary	2,55,10,000 equity shares of ₹ 10/- each fully paid-up (97.55%)
4.	Net aggregate amount of Profit (Loss) of the subsidiary as far as they concern the members of Nelcast Limited (i) For the Financial year of Subsidiary: (a) Dealt with in the accounts of the Holding Company (b) Not Dealt with in the accounts of the Holding Company (ii) For the Previous Financial years of Subsidiary: (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 : 24th May 2014

D. Sessa 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 the two Executive Directors and four Non-Executive Directors, out of which three 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 25th May 2013, 1st August 2013, 13th November 2013 and 10th February 2014.

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

Name of the Director	Board Meetings	Annual General Meeting
Mr. D. Sesha Reddy	4	Attended
Mr. R. Mohan Reddy	4	Attended
Mr. A. Balasubramanian	4	Attended
Mr. P. Deepak	4	Attended
Ms. P. Divya	4	Attended
Mr. P. Vijaya Bhaskar Reddy	4	Attended

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Directors' Membership as on 31st March 2014 in the other Boards or Committees thereof:

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

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 (Independent Director), Chairman and Mr. R. Mohan Reddy (Independent Director), Mr. D. Sesha Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director), Members. The dates of the meetings are as follows:

25th May 2013, 1st August 2013, 13th November 2013 and 9th February 2014.

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. NOMINATION & REMUNERATION COMMITTEE

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

5. PARTICULARS OF SITTING FEE/REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2013-14

Particulars of Sitting Fee paid to Non-Executive Directors:

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

Remuneration paid to Whole-Time Directors:

Details	Managing Director (₹)	Whole-Time Directors (₹)
Remuneration	1,10,82,590	1,64,66,865

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee (formerly known of Investors Grievance Committee) comprises Mr. D. Sesha Reddy (Independent Director), Chairman and Mr. R. Mohan Reddy (Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director), Members. The Committee will deal with stakeholders complaints.

Number of pending share transfers:

As on 31st March 2014, 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, TTK 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 2013-14: **45**

No. of pending complaints as on 31st March 2014: - **Nil** -

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been formed during the year to monitor and implement Corporate Social Responsibility activities of the Company. The committee comprises Mr. P. Deepak (Non-Independent Director), Chairman, Mr. D. Sesha Reddy (Independent Director), Ms. P. Divya (Non-Independent Director) and Mr. P. Vijaya Bhaskar Reddy (Non-Independent Director), Members.

REPORT ON CORPORATE GOVERNANCE – (Contd.)

8. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2012-13	P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur – 524 101	01.08.2013	11.00 AM
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

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

Year	Subject Matter of Special Resolution	Date
2012-13	Waiver of recovery of Excess Remuneration	01.08.2013
2011-12	Nil	30.07.2012
2010-11	Nil	06.08.2011

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.

9. DISCLOSURES

The related party transactions during the financial year 2013-14 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.

10. 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



REPORT ON CORPORATE GOVERNANCE – (Contd.)

11. 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: 6 th August 2014 & 11.00 AM. Venue: P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh.	
Financial Year	1 st April to 31 st March	
Financial Calendar (Tentative)	<ul style="list-style-type: none"> • Results for the quarter ending 30th June 2014 - 1st week of August 2014. • Results for the quarter and half year ending 30th September 2014 - 2nd week of November 2014. • Results for the quarter and nine months ending 31st December 2014 - 2nd week of February 2015. • Results for the year ending 31st March 2015 - by May 2015. 	
<u>Record Date:</u>		
Date of Book Closure	1 st August 2014 to 6 th August 2014 (both days inclusive).	
Dividend Payment Date	Within 30 days from 6 th August 2014.	
Listing of Stock Exchanges	Name of Exchange	Stock Code
	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 2014-15.	

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Market price data: High, Low during each month in the financial year 2013-14:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr' 13	21.95	18.00	20.20	17.90
May' 13	20.25	15.10	18.80	16.05
Jun' 13	18.00	15.00	17.25	15.25
Jul' 13	18.00	14.75	18.00	14.70
Aug' 13	17.40	13.95	16.50	13.85
Sep' 13	21.40	13.65	21.45	15.10
Oct' 13	17.80	15.25	18.00	15.15
Nov' 13	19.35	16.60	19.75	16.65
Dec' 13	21.00	16.00	21.05	16.00
Jan' 14	21.60	17.25	21.70	17.00
Feb' 14	21.50	17.20	21.60	17.20
Mar' 14	21.00	18.00	21.00	18.20

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

Month	BSE		BSE Sensex	
	High (₹)	Low (₹)	High	Low
Apr' 13	21.95	18.00	19,622.68	18,144.22
May' 13	20.25	15.10	20,443.62	19,451.26
Jun' 13	18.00	15.00	19,860.19	18,467.16
Jul' 13	18.00	14.75	20,351.06	19,126.82
Aug' 13	17.40	13.95	19,569.20	17,448.71
Sep' 13	21.40	13.65	20,739.69	18,166.17
Oct' 13	17.80	15.25	21,205.44	19,264.72
Nov' 13	19.35	16.60	21,321.53	20,137.67
Dec' 13	21.00	16.00	21,483.74	20,568.70
Jan' 14	21.60	17.25	21,409.66	20,343.78
Feb' 14	21.50	17.20	21,140.51	19,963.12
Mar' 14	21.00	18.00	22,467.21	20,920.98



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 Stakeholders Relationship Committee. The Company's Registrar 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 31st March 2014:

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares held	% of Share holding
1 – 500	11,679	73.13	27,72,171	3.19
501 – 1000	2,715	17.00	21,29,518	2.45
1001 – 2000	776	4.86	11,74,514	1.35
2001 – 3000	334	2.09	8,50,902	0.98
3001 – 4000	101	0.63	3,66,211	0.42
4001 – 5000	119	0.75	5,73,560	0.66
5001 – 10000	120	0.74	8,99,675	1.03
10001 and above	127	0.80	7,82,34,649	89.92
Total	15,971	100.00	8,70,01,200	100.00

Shareholding Pattern as on 31st March 2014:

Category	No. of Shares held	% to Total
Promoter & Promoter Group	6,47,49,654	74.42
Bodies Corporate	25,94,846	2.98
Individuals	1,44,02,482	16.56
Directors	18,91,970	2.17
Clearing Members	39,995	0.05
Trust	24,68,962	2.84
NRI	3,90,791	0.45
Employees	4,62,500	0.53
Total	8,70,01,200	100.00

REPORT ON CORPORATE GOVERNANCE – (Contd.)

Dematerialization of Shares and Liquidity :	<p>Shares of the Company can be held and traded in electronic form.</p> <p>100% of the total equity capital is held in dematerialized form with NSDL & CDSL as on 31st March 2014.</p>
Plant Locations :	<p>Gudur Unit</p> <p>No. 34, Industrial Estate, Gudur, Andhra Pradesh - 524 101 Phone: 08624 - 251266/766 Fax: 08624 - 252066</p> <p>Ponneri Unit</p> <p>Madhavaram Village, Amur Post, Ponneri - 601 204 Phone: 044 - 27974165/1506 Fax: 044 - 27973620</p>
Address for Correspondence :	<p>159, T.T.K. Road, Alwarpet, Chennai - 600 018 Phone: 044 - 24983111 Fax: 044 - 24982111 E-mail: nelcast@nelcast.com Website: www.nelcast.com</p>

12. NON-MANDATORY REQUIREMENTS

(a) Nomination & Remuneration Committee:

The Company has a Nomination & 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.

13. 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.

14. 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 : 24th May 2014

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 31st March 2014, 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 : 24th May 2014

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. India has distinct global advantage of being the high quality low cost producer of auto components with most large global automotive industries are opening their local sourcing operations in India. As a result, India seen as a major outsourcing hub for auto components by developed economies. The slowdown across the global economy continued to have dampening impact on the domestic economy as well. The commercial vehicles market has declined by about 22%, but tractor industry grown by about 18% in the year 2013-14. 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 caters to requirement of commercial vehicle segment of the automotive industry and tractor segment. 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 growth of the Indian auto component industry in the coming years is expected to be moderate compared to the earlier years. The business environment is expected to be growth-oriented with a recovery anticipated to begin during the financial year 2014-15. As Indian auto component manufacturers offer the advantage of low cost production, adequate manufacturing capacity, adherence to global best practices and world class technology, India is emerging as the global hub for auto component products. As a result, more number of global OEMs is putting their manufacturing facilities in India. The Company will focus its strength to develop new products in the new market which will result in enhancing its margin. Your Company will continue to focus on technology to further expand export markets and developing new products for newer generation of vehicles.



MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)

RISKS AND CONCERNS

Economy and Market Risk:

The Company's growth is linked 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.

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 Materials 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, if any foreign currency risk on the liability side, it 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.

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.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year, the Company recorded Net Sales of ₹ 515.16 crores as against ₹ 507.60 crores in 2012-13, a marginal increase of about 1.50%. Profit Before Tax made during the year is ₹ 36.29 crores compared with ₹ 20.70 crores in 2012-13, a significant increase of about 75% compared with previous year. The production during the year was 70025 MT, compared to the previous year's 67953 MT.

The Board has recommended a dividend of ₹ 0.70 per share (being 35% on the par value per equity share). The Company is continuously putting its efforts to meet price pressure from OEMs and improve its productivity.

MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)

HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Human Resource is a continuous and ever evolving function at our Company. 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.

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 31st March 2014, 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 31st March 2014;
- (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 31st March 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014 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 : 24th May 2014

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) The Company has a policy of physically verifying its fixed assets once in a year which in our opinion reasonable having regard to the size of the Company and the nature of its business. During the year fixed assets have been verified by the Management and no discrepancies were noticed on such verification.
- (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 58A and 58AA 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 31st March 2014 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 advance 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 : 24th May 2014



BALANCE SHEET AS AT

PARTICULARS	Note No.	31 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	1,740.02	1,740.02
(b) Reserves and Surplus	3	24,955.96	23,418.90
Sub-Total		26,695.98	25,158.92
2 Non-Current Liabilities			
(a) Long-Term Borrowings	4	4,355.69	4,136.94
(b) Deferred Tax Liability (Net)	5	3,155.20	2,448.55
Sub-Total		7,510.89	6,585.49
3 Current Liabilities			
(a) Short-Term Borrowings	6	3,259.82	4,333.18
(b) Trade Payables	7	4,798.96	5,663.41
(c) Other Current Liabilities	8	2,820.40	1,474.77
(d) Short-Term Provisions	9	836.24	789.74
Sub-Total		11,715.42	12,261.10
TOTAL		45,922.29	44,005.51
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	23,215.57	18,585.41
(ii) Intangible Assets	10	99.06	118.36
(iii) Capital Work-in-Progress	—	191.30	4,351.32
(b) Non-Current Investments	11	2,556.99	2,053.50
(c) Long-Term Loans and Advances	12	23.21	63.44
Sub-Total		26,086.13	25,172.03
2 Current Assets			
(a) Inventories	13	4,495.40	4,457.66
(b) Trade Receivables	14	6,907.88	6,192.05
(c) Cash and Cash Equivalents	15	5,215.26	4,821.92
(d) Short-Term Loans and Advances	16	3,015.06	3,215.93
(e) Other Current Assets	17	202.56	145.92
Sub-Total		19,836.16	18,833.48
TOTAL		45,922.29	44,005.51
Significant Accounting Policies	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 : 24th May 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

PARTICULARS	Note No.	31 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
I. Revenue from Operations (Gross)	18	57,500.97	56,811.16
Less : Excise Duty		5,984.89	6,051.34
Revenue from Operations (Net)		51,516.08	50,759.82
II. Other Income	19	243.33	191.25
III. Total Revenue (I+II)		51,759.41	50,951.07
IV. Expenses:			
Cost of Materials Consumed	20	26,833.73	26,624.32
Changes in Inventories of FG & WIP	21	391.67	770.07
Employee Benefits Expense	22	3,482.53	3,369.74
Finance Costs	23	185.18	305.11
Depreciation	10	1,284.41	1,111.00
Other Expenses	24	15,952.45	16,700.64
Total Expenses		48,129.97	48,880.88
V. Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)		3,629.44	2,070.19
VI. Exceptional Items		-	-
VII. Profit Before Extra-ordinary Items and Tax (V-VI)		3,629.44	2,070.19
VIII. Extra-ordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		3,629.44	2,070.19
X. Tax Expenses:			
(1) Current Tax		770.53	555.54
(2) Previous Year Tax		13.35	-
(3) MAT Credit Entitlement		(110.64)	-
(4) Defferred Tax		706.65	123.50
XI. Profit for the Year (IX-X)		2,249.55	1,391.15
XII. Earnings per Equity Share:			
(1) Basic		2.59	1.60
(2) Diluted		2.59	1.60
Significant Accounting Policies	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 : 24th May 2014

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 CASH FLOW FOR THE YEAR ENDED

PARTICULARS	31 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	3,629.44	2,070.19
Adjustments for:		
Depreciation	1,284.41	1,111.00
Interest Income & Dividend Income	(109.55)	(62.13)
(Profit)/Loss on sale of assets	0.10	(58.89)
Interest Paid	185.18	305.11
Operating Profit before Working Capital Changes	4,989.58	3,365.28
Adjustment for:		
Inventories	(37.75)	1,212.94
Trade Receivables	(715.83)	1,459.50
Long-Term Loans & Advances	40.23	43.09
Short-Term Loans & Advances	200.86	1,504.01
Other Current Assets	(56.64)	(33.46)
Trade Payables	(864.45)	(1,150.14)
Other Current Liabilities	1,345.63	392.45
Short-Term Provisions	46.50	(193.61)
Cash generated from Operations	4,948.13	6,600.06
Taxes Paid/Provision for Tax	(673.23)	(555.54)
Cash flow before Prior-period Items	4,274.90	6,044.52
Prior Period Items	-	-
Net Cash from Operating Activities	4,274.90	6,044.52
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,895.34)	(872.65)
Sale of Fixed Assets	-	137.10
(Increase)/Decrease in Capital Work-In-Progress	4,160.02	(3,986.33)
(Increase)/Decrease in Investments	(503.49)	(1,992.00)
(Increase)/Decrease in Unpaid Dividend Accounts	(1.32)	(1.24)
Interest Income & Dividend Income	109.55	62.13
Net Cash from/(used in) Investing Activities	(2,130.58)	(6,652.99)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Long-Term Borrowings	218.75	3,855.32
Increase/(Decrease) in Short-Term Borrowings	(1,073.36)	(3,880.00)
Interest paid	(185.18)	(305.11)
Dividend Paid (Including Distribution Tax)	(712.51)	(505.58)
Net Cash from/(used in) Financing Activities	(1,752.30)	(835.37)
Net increase in Cash and Cash Equivalents	392.02	(1,443.84)
Cash and Cash Equivalents (Opening Balance)	4,809.67	6,253.51
Cash and Cash Equivalents (Closing Balance)	5,201.69	4,809.67
Reconciliation of Cash and Cash Equivalents with the Balance Sheet :		
Cash and Cash Equivalents as per Balance Sheet (Refer Note No.15)	5,215.26	4,821.92
Less: Bank balances not considered as Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)		
- Unpaid Dividend Accounts	13.57	12.25
Cash and Cash Equivalents at the end of the year	5,201.69	4,809.67

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 : 24th May 2014

D. Sessa Reddy
Chairman

P. Vijaya Bhaskar Reddy
Dy. Managing Director

For and on behalf of the Board

P. Deepak
Managing Director

A. Balasubramanian
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 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. If any such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. During the year there is no such impairment of assets.

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

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. Borrowing cost capitalized during the year is ₹ 2,21,76,338/- (Previous Year ₹ 2,02,18,671/-).

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 is ascertained on a moving weighted average basis. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

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.

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

(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 is recognised and charged to the Statement of Profit and Loss in the year in which the employee has rendered service. (Refer to Note No.33)

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. 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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There is no diluted earnings per share as there are no dilutive potential equity shares.

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 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
2. SHARE CAPITAL		
Authorised:		
12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year: 12,50,00,000 Equity Shares of ₹ 2/- each)	2,500.00	2,500.00
Issued, Subscribed and Paidup:		
8,70,01,200 Equity Shares of ₹ 2/- each (Previous Year: 8,70,01,200 Equity Shares of ₹ 2/- each)	1,740.02	1,740.02
Total	1,740.02	1,740.02

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 31st March 2014 as compared to the Share Capital at the beginning of the year.

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

Particulars	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares in Lakhs	₹ in Lakhs	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02
(b) Changes during the year	–	–	–	–
(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 st March 2014		As at 31 st March 2013	
	No. of shares	%	No. of shares	%
P. Radhakrishna Reddy (Ind) *	–	–	2,55,44,030	29.36
P. Deepak	3,42,45,905	39.36	87,01,875	10.00
P. Deepak (HUF)	1,43,49,500	16.49	1,43,49,500	16.49
P. Divya	1,61,54,249	18.57	1,57,10,633	18.06

*Shares have been transferred during the year to Legal Heir, Mr.P.Deepak after obtaining Succession Certificate.

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
3. RESERVES & SURPLUS		
<i>Securities Premium Account</i>		
Opening Balance	8,774.13	8,774.13
Add: Received during the year	–	–
Sub-Total (a)	8,774.13	8,774.13
<i>General Reserve</i>		
Opening Balance	10,500.00	10,000.00
Add: Current Year Appropriation	1,500.00	500.00
Sub-Total (b)	12,000.00	10,500.00
<i>Surplus</i>		
Opening Balance	4,144.77	3,759.20
Add: Net profit after tax transferred from Statement of P & L	2,249.55	1,391.15
Profit available for Appropriation	6,394.32	5,150.35
Appropriations:		
– General Reserve	1,500.00	500.00
– Final Dividend	609.01	435.01
– Distribution Tax on Final Dividend	103.50	70.57
Closing Balance (c)	4,181.81	4,144.77
Total (a+b+c)	24,955.96	23,418.90
4. LONG-TERM BORROWINGS		
Term Loan from Banks	4,355.69	3,981.93
Deposits from Public	–	155.01
Total	4,355.69	4,136.94
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	3,155.81	2,454.76
Deferred Tax Asset	(0.61)	(6.21)
Total	3,155.20	2,448.55

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
6. SHORT-TERM BORROWINGS		
Secured Loans Repayable on Demand to Banks:		
– Working Capital Loans	3,259.82	4,333.18
Total	3,259.82	4,333.18
7. TRADE PAYABLES		
Trade Payables (Refer Note No.31)	4,798.96	5,663.41
Total	4,798.96	5,663.41
8. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt:		
– Term Loans from Banks	1,126.24	469.37
– Public Deposits	177.64	–
Unpaid Dividends	13.57	12.25
Statutory Dues	340.39	186.34
Advances received from Customers	237.03	169.36
Outstanding Expenses	925.53	637.45
Total	2,820.40	1,474.77
9. SHORT-TERM PROVISIONS		
Provision for Employee Benefits:		
– Gratuity	12.44	–
– Bonus	89.21	88.38
Provision for Dividend	609.01	435.01
Provision for Dividend Distribution Tax	103.50	70.57
Provision for Income Tax & Wealth Tax (Net of TDS & Advance Tax)	22.08	195.78
Total	836.24	789.74

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

10. FIXED ASSETS

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost upto 31.03.2013	Additions	Disposal	Cost upto 31.03.2014	Upto 31.03.2013	2013-14	Accu. Depn. on Disposal	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
(i) Tangible Assets:										
Land	3,020.82	-	-	3,020.82	-	-	-	-	3,020.82	3,020.82
Buildings	4,050.95	1,026.14	-	5,077.09	1,047.81	152.35	-	1,200.16	3,876.93	3,003.14
Plant & Machinery	18,135.38	4,793.07	-	22,928.45	6,076.64	1,024.11	-	7,100.75	15,827.70	12,058.74
Office Equipment	43.95	9.65	-	53.60	13.99	3.83	-	17.82	35.78	29.96
Vehicles	377.91	34.98	0.30	412.59	83.33	37.45	0.29	120.48	292.11	294.58
Furniture & Fittings	174.71	3.59	-	178.30	70.55	10.95	-	81.49	96.81	104.16
Computers	204.76	12.99	-	217.75	130.75	21.58	-	152.34	65.42	74.01
	26,008.48	5,880.42	0.30	31,888.60	7,423.07	1,250.27	0.29	8,673.04	23,215.57	18,585.41
(ii) Intangible Assets										
Computer Software	203.17	14.92	0.20	217.89	84.81	34.14	0.11	118.83	99.06	118.36
TOTAL	26,211.65	5,895.34	0.50	32,106.49	7,507.88	1,284.41	0.40	8,791.87	23,314.63	18,703.77

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
11. NON-CURRENT INVESTMENTS		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Subsidiary:		
– NC Energy Limited	2,551.00	2,051.00
2,55,10,000 Equity Shares of ₹ 10/-each (P.Y. 2,05,10,000 Equity Shares of ₹ 10/-each)		
Others:		
– Saheli Exports Pvt. Ltd.	–	2.50
25,000 Equity shares of ₹ 10 /- each		
– Suzlon Engitech Ltd.	5.99	–
59,903 Equity shares of ₹ 10 /- each		
Total	2,556.99	2,053.50
12. LONG-TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Capital Advances	23.21	63.44
Total	23.21	63.44
13. INVENTORIES		
Raw Materials	1,756.95	1,323.90
Work-In-Progress	511.11	884.19
Finished Goods	1,143.57	1,162.16
Stores and Spares	254.73	275.14
Loose Tools	526.29	420.50
Moulding Boxes & Patterns	302.75	391.77
Total	4,495.40	4,457.66
– Finished goods, work-in-progress and Raw Materials are valued at lower of the cost and Net Realisable Value.		
– Moulding boxes, Patterns, Loose Tools and Stores & Spares are valued at lower of cost (estimated) and NRV.		
14. TRADE RECEIVABLES		
Unsecured, Considered Good	6,907.88	6,192.05
Total	6,907.88	6,192.05
Trade Receivables include an amount of ₹ 32.18 Lakhs (Previous Year: ₹ 56.01 Lakhs), outstanding for a period exceeding six months from the due date.		

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
15. CASH AND CASH EQUIVALENTS		
Balances with Banks:		
– In Current Accounts	83.73	131.16
– Short Term Fixed Deposits	5,110.54	4,673.02
– Unpaid Dividend Accounts	13.57	12.25
Cash on Hand	7.42	5.49
Total	5,215.26	4,821.92
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS 3 Cash Flow Statements is:	5,201.69	4,809.67
16. SHORT-TERM LOANS & ADVANCES (Unsecured, Considered Good)		
Deposits with/Receivables from Statutory/Govt. Authorities	1,275.87	1,521.66
Call Deposits with Companies	1,157.43	996.07
Advances for Supplies & Services	380.21	608.61
Advances given to Employees	23.11	18.40
Rental Advance	67.80	71.19
MAT Credit Entitlement	110.64	–
Total	3,015.06	3,215.93
17. OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	202.56	145.92
Total	202.56	145.92

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	Year Ended 31 st March 2014 (₹ in Lakhs)	Year Ended 31 st March 2013 (₹ in Lakhs)
18. REVENUE FROM OPERATIONS		
Sale of Products - Iron Castings	57,500.97	56,811.16
Less: Excise Duty	5,984.89	6,051.34
Total	51,516.08	50,759.82
19. OTHER INCOME		
Interest Income	109.55	59.10
Dividend income	–	3.03
Gain on Foreign Currency Transaction (Net)	18.19	10.49
Gain on sale of assets	–	67.64
Export Incentive	5.74	50.99
Sales Tax Incentive	109.85	–
Total	243.33	191.25
20. COST OF MATERIALS CONSUMED		
Steel Scrap	18,439.98	18,769.50
Others	8,393.75	7,854.82
Total	26,833.73	26,624.32
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.		
21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) & WORK-IN-PROGRESS (WIP)		
Closing Stock		
Finished Goods	1,143.57	1,162.16
Work-in-Progress	511.11	884.19
	1,654.68	2,046.35
Opening Stock		
Finished Goods	1,162.16	1,395.83
Work-in-Progress	884.19	1,420.59
	2,046.35	2,816.42
Decrease in Inventories of FG & WIP	391.67	770.07
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	2,748.77	2,766.45
Contribution to Provident and Other Funds	257.32	213.19
Staff Welfare Expenses	476.44	390.10
Total	3,482.53	3,369.74

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

	Year Ended 31 st March 2014 (₹ in Lakhs)	Year Ended 31 st March 2013 (₹ in Lakhs)
23. FINANCE COSTS		
Interest Expense	625.31	692.87
Other Borrowing Costs	35.17	240.64
	660.48	933.51
Interest on Short Term Deposits	(475.30)	(628.40)
Total	185.18	305.11
24. OTHER EXPENSES		
Consumption of Stores and Spares	1,348.50	1,608.33
Fettling and Other Manufacturing Expenses	3,433.24	3,446.74
Power and Fuel	8,378.37	8,760.52
Freight and Forwarding Charges	960.77	1,190.56
Repairs and Maintenance:		
– Plant and Machinery	925.51	776.25
– Buildings	94.87	141.12
Rent	110.75	101.04
Insurance	37.89	45.37
Rates and Taxes	15.10	22.19
Printing and Stationery	30.59	18.88
Travelling and Conveyance	356.76	335.79
Advertisement	2.89	5.44
Legal and Professional Charges	95.14	90.96
Communication Charges	36.74	34.86
Payment to Auditors:		
– Audit Fee	9.00	9.00
– Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	4.40	4.90
Books, Periodicals & Subscriptions	4.82	5.23
Vehicle and Office Maintenance	56.91	52.24
Selling Expenses	40.75	34.86
Sales Commission	2.76	0.72
Loss on Sale of Assets	0.10	8.76
Miscellaneous Expenses	4.59	4.88
Total	15,952.45	16,700.64

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 st March 2014	31 st 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.	106.72	186.03

27. CONTINGENT LIABILITIES (₹ in Lakhs)

Particulars	31 st March 2014	31 st March 2013
Bank Guarantees	242.64	10.59

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	2013-14		2012-13	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	43.28	0.16	22.05	0.08
Indigenous	26,790.45	99.84	26,602.27	99.92
Total	26,833.73	100.00	26,624.32	100.00

NOTES FORMING PART OF FINANCIAL STATEMENTS – (Contd.)

30. FOREIGN CURRENCY TRANSACTIONS (₹ in Lakhs)

Particulars	31 st March 2014	31 st March 2013
(a) Value of Imports on C.I.F. Basis:		
Capital Goods	142.96	975.31
Raw Materials	43.28	22.05
Spares & Others	10.74	20.34
(b) Expenditure in Foreign Currency:		
On account of Travel	14.36	12.64
On account of Interest Payments	94.01	36.14
On account of Other Matters	43.48	45.19
(c) Earnings in Foreign Exchange:		
F.O.B. Value of Exports	330.56	212.87

31. Amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro Small and Medium Enterprises Development Act, 2006 is ₹ 153.22 Lakhs as on 31st March 2014 (Previous Year: ₹ 102.07 Lakhs) and there is no overdue amount.

32. INTERIM FINANCIAL REPORTING

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

33. 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>2013-14</u> (₹)	<u>2012-13</u> (₹)
1. Table Showing changes in present value of Obligation as on 31st March 2014		
Present value of obligations as at beginning of the year	3,32,29,248	2,91,40,826
Interest cost	26,58,340	23,31,266
Current Service Cost	33,74,882	32,95,419
Benefits Paid	(8,19,249)	(14,43,626)
Actuarial (gain)/ loss on obligations	17,34,316	(94,637)
Present value of obligations as at end of the year	4,01,77,537	3,32,29,248
2. Table showing changes in the fair value of plan assets as on 31st March 2014		
Fair value of plan assets at beginning of the year	3,38,45,469	2,35,18,796
Expected return on plan assets	31,48,589	28,52,850
Contributions	27,58,661	89,17,449
Benefits Paid	8,19,249	(14,43,626)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at end of the year	3,89,33,470	3,38,45,469
3. Table showing fair value of plan assets		
Fair value of plan assets at beginning of the year	3,38,45,469	2,35,18,796
Actual return on plan assets (Expected Return + Actuarial Return)	31,48,589	28,52,850
Contributions	27,58,661	89,17,449
Benefits Paid	8,19,249	(14,43,626)
Fair value of plan assets at end of the year	3,89,33,470	3,38,45,469
Funded status	(12,44,067)	6,16,221
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 st March)		
4. Actuarial (Gain)/Loss recognized as on 31st March 2014		
Actuarial (gain)/ loss on benefit obligations	(17,34,316)	94,637
Actuarial (gain)/ loss for the year - plan assets	NIL	NIL
Actuarial (gain)/ loss on obligations	17,34,316	(94,637)
Actuarial (gain)/ loss recognized in the year	17,34,316	(94,637)
5. The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss		
Present value of benefit obligations as at end of the year	4,01,77,537	3,32,29,248
Fair value of plan assets as at end of the year	3,89,33,470	3,38,45,469
Funded status	(12,44,067)	6,16,221
Amount recognized in Balance Sheet	(12,44,067)	6,16,221
6. Expenses Recognised in Statement of Profit and Loss		
Current Service cost	33,74,882	32,95,419
Interest Cost	26,58,340	23,31,266
Expected return on plan assets	(31,48,589)	(28,52,850)
Net Actuarial (gain)/ loss recognized in the year	17,34,316	(94,637)
Expenses recognised in Statement of Profit and Loss	46,18,949	26,79,198
7. Actuarial Assumptions		
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.)

34. RELATED PARTY DISCLOSURE

As identified by the Management and relied upon by the auditors

(a) List of Related Parties (2013-14)

Subsidiary Company:- NC Energy Limited

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, Dy. Managing Director

Transactions with Related Parties (2013-14) (₹ in Lakhs)

Nature of Transactions	Subsidiary Company	Associate Company	Key Management Personnel
Managerial Remuneration	–	–	275.49
Investment in Shares:			
Amount of Investment made during the year	500.00	–	–
Closing Balance as on 31 st March 2014	2,551.00	–	–

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

Subsidiary Company:- NC Energy Limited

Associate Company:- Nelcast USA INC

Key Management Personnel:- 1. Mr. P. Deepak, Director
 2. Ms. P. Divya, Whole-Time Director
 3. Mr. P. Vijaya Bhaskar Reddy, Dy. 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 Retainership Fee for the market services	–	25.71	–
Investment in Shares:			
Amount of investment made during the year	500.00	–	–
Closing Balance as on 31 st March 2013	2,051.00	–	–

35. 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 : 24th May 2014

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



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 Limited as at 31st March 2014, 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 Limited. 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 requirements of Accounting Standards (AS) 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 case of the Consolidated Balance Sheet, of the state of affairs of Nelcast Limited and its Subsidiary as at 31st March 2014;
- (b) in 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 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 : 24th May 2014

CONSOLIDATED BALANCE SHEET AS AT

PARTICULARS	Note No.	31 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
I. EQUITY & LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	1,740.02	1,740.02
(b) Reserves and Surplus	3	24,955.96	23,418.90
Sub-Total		26,695.98	25,158.92
2. Minority Interest		64.00	64.00
3. Non-Current Liabilities			
(a) Long-Term Borrowings	4	4,355.69	4,136.94
(b) Deferred Tax Liability (Net)	5	3,155.20	2,448.55
Sub-Total		7,510.89	6,585.49
4. Current Liabilities			
(a) Short-Term Borrowings	6	3,259.82	4,333.18
(b) Trade Payables	7	4,798.96	5,663.41
(c) Other Current Liabilities	8	2,822.78	1,475.33
(d) Short-Term Provisions	9	836.24	789.74
Sub-Total		11,717.80	12,261.66
TOTAL		45,988.67	44,070.07
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	24,888.99	19,715.74
(ii) Intangible Assets	10	99.06	118.36
(iii) Capital Work-in-Progress	—	629.10	4,766.41
(b) Non-Current Investments	11	5.99	2.50
(c) Long-Term Loans and Advances	12	367.65	415.80
Sub-Total		25,990.79	25,018.81
2. Current Assets			
(a) Inventories	13	4,495.40	4,457.66
(b) Trade Receivables	14	6,907.88	6,192.05
(c) Cash and Cash Equivalents	15	5,376.98	4,832.76
(d) Short-Term loans and Advances	16	3,015.06	3,215.93
(e) Other Current Assets	17	202.56	352.86
Sub-Total		19,997.88	19,051.26
TOTAL		45,988.67	44,070.07
Significant Accounting Policies	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 : 24th May 2014



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

PARTICULARS	Note No.	31 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
I. Revenue from Operations (Gross)	18	57,500.97	56,811.16
Less : Excise Duty		5,984.89	6,051.34
Revenue from Operations (Net)		51,516.08	50,759.82
II. Other Income	19	243.33	191.25
III. Total Revenue (I+II)		51,759.41	50,951.07
IV. Expenses:			
Cost of Materials Consumed	20	26,833.73	26,624.32
Changes in Inventories of FG & WIP	21	391.67	770.07
Employee Benefits Expense	22	3,482.53	3,369.74
Finance Costs	23	185.18	305.11
Depreciation	10	1,284.41	1,111.00
Other Expenses	24	15,952.45	16,700.64
Total Expenses		48,129.97	48,880.88
V. Profit Before Exceptional and Extra-ordinary Items and Tax (III-IV)		3,629.44	2,070.19
VI. Exceptional Items		-	-
VII. Profit Before Extra-ordinary Items and Tax (V-VI)		3,629.44	2,070.19
VIII. Extra-ordinary Items		-	-
IX. Profit Before Tax (VII-VIII)		3,629.44	2,070.19
X. Tax Expenses:			
(1) Current Tax		770.53	555.54
(2) Previous Year Tax		13.35	-
(3) MAT Credit Entitlement		(110.64)	-
(4) Defferred Tax		706.65	123.50
XI. Profit for the Year (IX-X)		2,249.55	1,391.15
XII. Earnings per Equity Share:			
(1) Basic		2.59	1.60
(2) Diluted		2.59	1.60
Significant Accounting Policies	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 : 24th May 2014

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 st March 2014 (₹ in Lakhs)	31 st March 2013 (₹ in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	3,629.44	2,070.19
Adjustments for:		
Depreciation	1,284.41	1,111.00
Interest Income & Dividend Income	(109.55)	(62.13)
(Profit)/Loss on sale of assets	0.10	(58.89)
Interest Paid	185.18	305.11
Operating Profit before Working Capital Changes	4,989.58	3,365.28
Adjustment for:		
Inventories	(37.75)	1,212.94
Trade Receivables	(715.83)	1,459.50
Long-Term Loans & Advances	48.15	(105.43)
Short-Term Loans & Advances	200.86	12.02
Other Current Assets	150.30	(240.40)
Trade Payables	(864.45)	(1,150.14)
Other Current Liabilities	1,347.45	368.39
Short-Term Provisions	46.50	(193.61)
Cash generated from Operations	5,164.81	4,728.55
Taxes Paid/Provision for Tax	(673.23)	(555.54)
Cash flow before Prior-period Items	4,491.58	4,173.01
Prior Period Items	-	-
Net Cash from Operating Activities	4,491.58	4,173.01
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,438.43)	(1,062.08)
Sale of Fixed Assets	-	137.10
(Increase)/Decrease in Capital Work-in-Progress	4,137.31	(4,024.42)
(Increase)/Decrease in Investments	(3.49)	-
(Increase)/Decrease in Unpaid Dividend A/cs	(1.32)	(1.24)
Interest Income & Dividend Income	109.55	62.13
Net Cash from / (used in) Investing Activities	(2,196.38)	(4,888.51)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Long-Term Borrowings	218.75	3,855.32
Increase/(Decrease) in Short-Term Borrowings	(1,073.36)	(3,880.00)
Interest paid	(185.18)	(305.11)
Dividend Paid (Including Distribution Tax)	(712.51)	(505.58)
Net Cash from/(used in) Financing Activities	(1,752.30)	(835.37)
Net Increase in Cash and Cash Equivalents	542.90	(1,550.87)
Cash and Cash Equivalents (Opening Balance)	4,820.51	6,371.38
Cash and Cash Equivalents (Closing Balance)	5,363.41	4,820.51
Reconciliation of Cash and Cash Equivalents with the Balance Sheet :		
Cash and Cash Equivalents as per Balance Sheet (Refer Note No.15)	5,376.98	4,832.76
Less: Bank balances not considered as Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)		
- Unpaid Dividend Accounts	13.57	12.25
Cash and Cash Equivalents at the end of the year	5,363.41	4,820.51

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 : 24th May 2014

D. Sessa Reddy
Chairman

P. Vijaya Bhaskar Reddy
Dy. Managing Director

For and on behalf of the Board

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 Limited 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 Limited	India	Subsidiary	97.55%	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
31st March 2014
(₹ in Lakhs)

2,500.00

1,740.02

1,740.02

As at
31st 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 st March 2014		As at 31 st March 2013	
	No. of Shares in Lakhs	₹ in Lakhs	No. of Shares in Lakhs	₹ in Lakhs
(a) At the beginning of the period (₹ 2/- each)	870.01	1,740.02	870.01	1,740.02
(b) Changes during the year	–	–	–	–
(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 st March 2014		As at 31 st March 2013	
	No. of shares	%	No. of shares	%
P. Radhakrishna Reddy (Ind)*			2,55,44,030	29.36
P. Deepak	3,42,45,905	39.36	87,01,875	10.00
P. Deepak (HUF)	1,43,49,500	16.49	1,43,49,500	16.49
P. Divya	1,61,54,249	18.57	1,57,10,633	18.06

*Shares have been transferred during the year to Legal Heir, Mr.P.Deepak after obtaining Succession Certificate.

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

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
3. RESERVES & SURPLUS		
<i>Securities Premium Account</i>		
Opening Balance	8,774.13	8,774.13
Add: Received during the year	–	–
Sub-Total (a)	8,774.13	8,774.13
<i>General Reserve</i>		
Opening Balance	10,500.00	10,000.00
Add: Current Year Appropriation	1,500.00	500.00
Sub-Total (b)	12,000.00	10,500.00
<i>Surplus</i>		
Opening Balance	4,144.77	3,759.20
Add: Net profit after tax transferred from Statement of P & L	2,249.55	1,391.15
Profit available for Appropriation	6,394.32	5,150.35
Appropriations:		
– General Reserve	1,500.00	500.00
– Final Dividend	609.01	435.01
– Distribution Tax on Final Dividend	103.50	70.57
Closing Balance (c)	4,181.81	4,144.77
Total (a+b+c)	24,955.96	23,418.90
4. LONG-TERM BORROWINGS		
Term Loan from Banks	4,355.69	3,981.93
Deposits from Public	–	155.01
Total	4,355.69	4,136.94
5. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	3,155.81	2,454.76
Deferred Tax Asset	(0.61)	(6.21)
Total	3,155.20	2,448.55

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

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
6. SHORT-TERM BORROWINGS		
Secured Loans Repayable on Demand to Banks:		
– Working Capital Loans	3,259.82	4,333.18
Total	3,259.82	4,333.18
7. TRADE PAYABLES		
Trade Payables	4,798.96	5,663.41
Total	4,798.96	5,663.41
8. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt:		
– Term Loans from Banks	1,126.24	469.37
– Public Deposits	177.64	–
Unpaid Dividends	13.57	12.25
Statutory Dues	340.99	186.62
Advances received from Customers	237.03	169.36
Outstanding Expenses	927.31	637.73
Total	2,822.78	1,475.33
9. SHORT-TERM PROVISIONS		
Provision for Employee Benefits:		
– Gratuity	12.44	–
– Bonus	89.21	88.38
Provision for Dividend	609.01	435.01
Provision for Dividend Distribution Tax	103.50	70.57
Provision for Income Tax & Wealth Tax (Net of TDS & Advance Tax)	22.08	195.78
Total	836.24	789.74

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

(₹ in Lakhs)

10. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2013	Additions	Disposal	Cost upto 31.03.2014	Upto 31.03.2013	2013-14	Accu. Depn. on Disposal	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
(i) Tangible Assets:										
Land	4,151.15	539.38	-	4,690.53	-	-	-	-	4,690.53	4,151.15
Buildings	4,050.95	1,026.14	-	5,077.09	1,047.81	152.35	-	1,200.16	3,876.93	3,003.14
Plant & Machinery	18,135.38	4,793.07	-	22,928.45	6,076.64	1,024.11	-	7,100.75	15,827.70	12,056.74
Office Equipment	43.95	9.97	-	53.92	13.99	3.83	-	17.82	36.10	29.96
Vehicles	377.91	34.98	0.30	412.59	83.33	37.45	0.29	120.48	292.11	294.58
Furniture & Fittings	174.71	6.52	-	181.23	70.55	10.95	-	81.49	99.74	104.16
Computers	204.76	13.45	-	218.21	130.75	21.58	-	152.34	65.88	74.01
	27,138.81	6,423.51	0.30	33,562.02	7,423.07	1,250.27	0.29	8,673.04	24,888.99	19,715.74
(ii) Intangible Assets										
Computer Software	203.17	14.92	0.20	217.89	84.81	34.14	0.11	118.83	99.06	118.36
TOTAL	27,341.98	6,438.43	0.50	33,779.91	7,507.88	1,284.41	0.40	8,791.87	24,988.05	19,834.10

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

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
11. NON-CURRENT INVESTMENTS		
Trade, Unquoted - At Cost - Fully Paid-Up		
Investment in Equity Instruments:		
Others:		
– Saheli Exports Pvt. Ltd. 25,000 Equity shares of ₹ 10 /- each	–	2.50
– Suzlon Engitech Ltd. 59,903 Equity shares of ₹ 10 /- each	5.99	–
Total	5.99	2.50
12. LONG-TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Capital Advances	367.65	415.80
Total	367.65	415.80
13. INVENTORIES		
Raw Materials	1,756.95	1,323.90
Work-in-Progress	511.11	884.19
Finished Goods	1,143.57	1,162.16
Stores and Spares	254.73	275.14
Loose Tools	526.29	420.50
Moulding Boxes & Patterns	302.75	391.77
Total	4,495.40	4,457.66
– Finished Goods, Work-in-Progress and Raw Materials are valued at lower of the cost and Net Realisable Value.		
– Moulding boxes, Patterns, Loose Tools and Stores & Spares are valued at lower of cost (estimated) and NRV.		
14. TRADE RECEIVABLES		
Unsecured, Considered Good	6,907.88	6,192.05
Total	6,907.88	6,192.05
Trade Receivables include an amount of ₹ 32.18 Lakhs (Previous Year: ₹ 56.01 Lakhs), outstanding for a period exceeding six months from the due date.		

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

	As at 31 st March 2014 (₹ in Lakhs)	As at 31 st March 2013 (₹ in Lakhs)
15. CASH AND CASH EQUIVALENTS		
Balances with Banks:		
– In Current Accounts	245.43	141.68
– Short Term Fixed Deposits	5,110.54	4,673.02
– Unpaid Dividend Accounts	13.57	12.25
Cash on Hand	7.44	5.60
DDs on Hand	–	0.21
Total	5,376.98	4,832.76
Of the above, the balances that meet the definition of Cash & Cash Equivalents as per AS 3 Cash Flow Statements is:	5,363.41	4,820.51
16. SHORT-TERM LOANS & ADVANCES (Unsecured, Considered Good)		
Deposits with/Receivables from Statutory/Govt. Authorities	1,275.87	1,521.66
Call Deposits with Companies	1,157.43	996.07
Advances for Supplies & Services	380.21	608.61
Advances given to Employees	23.11	18.40
Rental Advance	67.80	71.19
MAT Credit Entitlement	110.64	–
Total	3,015.06	3,215.93
17. OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	202.56	145.92
Investment in Tata Money Market Fund	–	206.94
Total	202.56	352.86

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

	Year ended 31 st March 2014 (₹ in Lakhs)	Year ended 31 st March 2013 (₹ in Lakhs)
18. REVENUE FROM OPERATIONS		
Sale of Products - Iron Castings	57,500.97	56,811.16
Less: Excise Duty	5,984.89	6,051.34
Total	51,516.08	50,759.82
19. OTHER INCOME		
Interest Income	109.55	59.10
Dividend income	-	3.03
Gain on Foreign Currency Transaction (Net)	18.19	10.49
Gain on sale of assets	-	67.64
Export Incentive	5.74	50.99
Sales Tax Incentive	109.85	-
Total	243.33	191.25
20. COST OF MATERIALS CONSUMED		
Steel Scrap	18,439.98	18,769.50
Others	8,393.75	7,854.82
Total	26,833.73	26,624.32
Others include other raw materials and production consumables, none of which individually accounts for more than 10% of the total consumption.		
21. CHANGES IN INVENTORIES OF FINISHED GOODS (FG) & WORK-IN-PROGRESS (WIP)		
Closing Stock		
Finished Goods	1,143.57	1,162.16
Work-in-Progress	511.11	884.19
	1,654.68	2,046.35
Opening Stock		
Finished Goods	1,162.16	1,395.83
Work-in-Progress	884.19	1,420.59
	2,046.35	2,816.42
Decrease in Inventories of FG & WIP	391.67	770.07
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	2,748.77	2,766.45
Contribution to Provident and Other Funds	257.32	213.19
Staff Welfare Expenses	476.44	390.10
Total	3,482.53	3,369.74

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

	Year ended 31 st March 2014 (₹ in Lakhs)	Year ended 31 st March 2013 (₹ in Lakhs)
23. FINANCE COSTS		
Interest Expense	625.31	692.87
Other Borrowing Costs	35.17	240.64
	660.48	933.51
Interest on Short Term Deposits	(475.30)	(628.40)
Total	185.18	305.11
24. OTHER EXPENSES		
Consumption of Stores and Spares	1,348.50	1,608.33
Fettling and Other Manufacturing Expenses	3,433.24	3,446.74
Power and Fuel	8,378.37	8,760.52
Freight and Forwarding Charges	960.77	1,190.56
Repairs and Maintenance:		
– Plant and Machinery	925.51	776.25
– Buildings	94.87	141.12
Rent	110.75	101.04
Insurance	37.89	45.37
Rates and Taxes	15.10	22.19
Printing and Stationery	30.59	18.88
Travelling and Conveyance	356.76	335.79
Advertisement	2.89	5.44
Legal and Professional Charges	95.14	90.96
Communication Charges	36.74	34.86
Payment to Auditors:		
– Audit Fee	9.00	9.00
– Tax Audit Fee	2.00	2.00
Sitting Fee to Directors	4.40	4.90
Books, Periodicals & Subscriptions	4.82	5.23
Vehicle and Office Maintenance	56.91	52.24
Selling Expenses	40.75	34.86
Sales Commission	2.76	0.72
Loss on Sale of Assets	0.10	8.76
Miscellaneous Expenses	4.59	4.88
Total	15,952.45	16,700.64



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

25. RELATED PARTY DISCLOSURE

As identified by the Management and relied upon by the auditors

List of Related Parties :

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, Dy. Managing Director

Transactions with Related Parties (₹ in Lakhs)

Nautre of Transactions	Key Management Personnel	
	2013-14	2012-13
Managerial Remuneration	275.49	238.31

Nautre of Transactions	Associate Company	
	2013-14	2012-13
Reimbursement of Expenses including the Retainership fee for the market services	–	25.71

26. COMMITMENTS (₹ in Lakhs)

Particulars	As at 31 st March 2014	As at 31 st 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.	106.72	186.03

27. CONTINGENT LIABILITIES (₹ in Lakhs)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Bank Guarantees	242.64	10.59

28. 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 : 24th May 2014

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



CIN: L27109AP1982PLC003518
Regd. Office: 34, Industrial Estate, Gudur - 524 101
www.nelcast.com

**THIRTY SECOND ANNUAL GENERAL MEETING - 6th AUGUST 2014
ATTENDANCE SLIP**

To be handed over at the entrance of the meeting hall

I hereby record my presence at the **32nd Annual General Meeting (AGM)** of the Company held on **Wednesday, 6th August 2014 at 11.00 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur-524 101, Andhra Pradesh.**

.....
Name (in block letters)

.....
Signature of Shareholder(s)/Proxy

Notes:

1. Please complete the Folio / DP ID - Client ID No. and Name, Sign this Attendance Slip and hand over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report 2014 and the Notice of the 32nd AGM along with Attendance Slip and Proxy Form is being sent to all the Members whose email address is registered with the Company/Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can carry a print of this Attendance Slip.
3. Physical copy of the Annual Report 2014 and Notice of the 32nd AGM along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



CIN: L27109AP1982PLC003518
Regd. Office: 34, Industrial Estate, Gudur - 524 101
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**THIRTY SECOND ANNUAL GENERAL MEETING - 6th AUGUST 2014
E-VOTING PARTICULARS**

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN
100509		

Note: Please read instructions given in the Notice of the 32nd AGM carefully before voting electronically.



CIN: L27109AP1982PLC003518
 Regd. Office: 34, Industrial Estate, Gudur - 524 101
 www.nelcast.com

**THIRTY SECOND ANNUAL GENERAL MEETING - 6th AUGUST 2014
 PROXY FORM**

I/We, being the member(s) of **Nelcast Limited** holding _____ shares, hereby appoint

1. _____ of _____ having e-mail ID _____ or failing him
2. _____ of _____ having e-mail ID _____ or failing him
3. _____ of _____ having e-mail ID _____

and whose signature(s) are appended below as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **32nd Annual General Meeting** of the Company, to be held on **Wednesday, 6th August 2014 at 11 AM at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur - 524 101, Andhra Pradesh** and at any adjournment thereof in respect of such resolutions as are indicated below:

* I wish my/our above Proxy to vote in the manner as indicated in the box below:

Sl. No.	Resolutions	For	Against
1	To Receive, Consider and Adopt the Audited Financial Statements of the Company, Auditors Report and Directors Report for the year ended 31 st March 2014		
2	To declare Dividend for the financial year 2013-14		
3	To re-appoint Mr. P. Vijaya Bhaskar Reddy, as a Director, who retires by rotation		
4	To appoint M/s. J.B. REDDY & Co., Chartered Accountants as Auditors and to determine their remuneration		
5	To appoint Mr. R. Mohan Reddy, Director as an Independent Director		
6	To appoint Mr. A. Balasubramanian, Director as an Independent Director		
7	To appoint Mr. D. Sessa Reddy, Director as an Independent Director		
8	To approve Remuneration paid to Cost Auditors of the Company		
9	To re-appoint Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director		
10	To approve Borrowing Powers of the Board		
11	To approve the Board to Create Charge/Mortgages/Hypothecation		

Signed this day of 2014

Signature of Shareholder(s)

Signature of Proxy

Affix
Revenue
Stamp


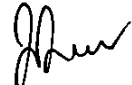


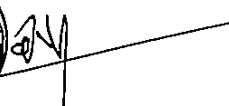
* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Notes:

1. **This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.**
2. **A Proxy need not be a member of the Company.**
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total Share Capital of the Company carrying voting rights. A member holding more than 10% of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder.
4. Appointing a Proxy does not prevent a Member from attending the meeting in person if he/she so wishes.
5. In the case of Joint holders, the signature of any one holder will be sufficient.

FORM A

Annual Audit Report to be filed with the stock exchanges

1	Name of the Company	Nelcast Ltd
2	Annual financial statements for the year ended	31 st March 2014
3	Type of Audit Observation	Unqualified
4	Frequency of observation	Not applicable
5	To be signed by:-	
	<ul style="list-style-type: none"> • CEO/Managing Director 	 (P. Deepak) (Managing Director & CEO)
	<ul style="list-style-type: none"> • CFO 	 (S.KSivakumar) Chief Financial Officer
	<ul style="list-style-type: none"> • Audit Committee Chairman 	 (A. Balasubramanian) (Chairman – Audit Committee)
	<ul style="list-style-type: none"> • Auditor of the Company 	<p>For J.B.REDDY & CO., Chartered Accountants</p>   A.V.REDDY Partner Membership No. 023983 Firm Regn. No. 003256S