



BOARD OF DIRECTORS

Mr. Vinod Narain - Chairman
Mr. D.P. Dhanuka
Mr. Bhadresh K. Shah
Mr. Pradip R. Shah
Mr. Rajendra S. Shah
Mr. Sanjay Shailesh Majmudar
Mr. Ashok A. Nichani
Mr. R.P. Agarwal (ceased to be a Director w.e.f 06.04.2013)

AUDITORS

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

BANKERS

Canara Bank,
Bangalore.

State Bank of India
Bangalore

REGISTERED OFFICE & FACTORY

Plot No. 15, Phase - 1
Peenya Industrial Area,
Bangalore - 560 058
Phone : 0-8722803333, 8722802333
Fax : 080 - 28395638
E-mail : info@welcaststeels.com
Web : www.welcaststeels.com

SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (E), Mumbai- 400 072.
Phone : 022 - 28470652, 40430200
Fax : 022 - 28475207
E-mail : info@bigshareonline.com

Dear Share holder/s,

Usage of Electronic Payment Modes for making payments to Investors.

We would like to inform you that SEBI vide its circular No CIR/MRD/DP/10/2013 dated 21st March, 2013 directed that in view of the advancements in the field of electronic payment system viz. NEFT, RTGS etc. for making cash payments to the investors, Companies whose securities are listed in the Stock Exchanges shall use RBI approved electronic mode of payment. The said circular also provides that in cases where either the bank details such as MICR, IFSC code etc. are not available or the electronic payment instructions have failed or have been rejected by the bank, Companies may use the physical payment instrument for making cash payments to the investors and Companies shall mandatorily print the bank account details of the investors on such payment instruments.

In view of the above and to comply with the SEBI directions, in case, if you have not provided the relevant details, we request you to kindly fill the enclosed form and send the same to us on or before 31st July 2013 to update mandate details in the system for future payments to you.

For this purpose we have also enclosed self address and pre-stamped cover.

Thanking you,
Yours faithfully
For Welcast Steels Limited.,
P.Rajendra Kumar
Compliance officer

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Unit: Welcast steels Limited.

| | |
|---|--|
| Registered Folio No | |
| Name of the first/sole shareholder | |
| Telephone Number of investor | |
| Email id of investor | |
| Bank Name | |
| Branch Address & Telephone No. of Branch Bank Account Number (As appearing on the Cheque Books) | |
| Branch Code | |
| 9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (Xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars) | |
| Account Type | |

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold the Company/RTA responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Place:

Date :

Signature of the Holder(s):

Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. **KINDLY RETURN THE ABOVE DULY ATTESTED BY YOUR BANKERS TOGETHER WITH THE SELF ATTESTED COPY OF THE PAN CARD**



41st ANNUAL GENERAL MEETING

| | |
|-------------------------|---|
| Date | 10th August, 2013 |
| Day | Saturday |
| Time | 3.00 P.M. |
| Place | THE LALITH ASHOK, Kumar Krupa High Grounds, Bangalore – 560 001 |
| Book Closure (Dates) | 3rd August 2013 To 10th August 2013 (Both days inclusive) |



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NOTICE

NOTICE is hereby given that the Forty First Annual General Meeting of the members of Welcast Steels Limited, will be held at THE LALITH ASHOK, Kumar Krupa High Grounds, Bangalore – 560 001 at 3.00 pm on Saturday, the 10th day of August, 2013 to transact the following business:

Ordinary Business

- (1) To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company and Statement of Profit and Loss for the year ended on 31st March 2013 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Vinod Narain, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. D. P. Dhanuka, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Pradip R. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (6) To appoint auditors in place of retiring auditors and to fix their remuneration.

Special Business :

- (7) To approve payment of professional fees to non executive independent directors and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution.

“RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement and all other applicable statutory provisions of any other law for the time being in force and as applicable to the Company, if any, consent of the Members be and is hereby accorded for the payment of Professional Fees / Compensation, if any, payable to Non-Executive Directors including Independent Directors of the Company towards the services to be rendered by them to the Company from time to time and that the Board of Directors of the Company or any Committee of the Board thereof be and is hereby authorized to decide the terms and conditions of such services including Professional fee / compensation payable thereof and also to execute any agreement, if considered necessary for the purpose.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be desirable or expedient to give effect to this resolution.”

Place : Bangalore
Date : 04-05-2013

By order of the Board of Directors
VINOD NARAIN
Chairman

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The register of members and the share transfer books of the company will remain closed from 3rd August 2013 to 10th August, 2013 (both days inclusive).
3. The dividend, when declared will be paid on or before 9th September 2013 to those members whose names appear in the register of members as 10th August, 2013.

Explanatory statement for item No. 7

[Pursuant to section 173 (2) of the Companies Act 1956]

The Company's Board comprises of expert professionals and Industrialists. With the fast growing business, the Company may be required to avail special services from the Non-Executive Directors / Independent Directors. As per Clause 49 of the Listing Agreement, the consent of the members is necessary for the payment of Professional Fees / Compensation, if any, proposed to be paid to Non-Executive Directors including Independent Directors of the Company towards the services to be rendered by them to the Company from time to time.

Yours Directors recommend the resolution at Item No. 7 for the approval of the Shareholders to be passed by way of Special Resolution. All the Non-Executive Directors including Independent Directors are deemed to be concerned or interested in the proposed resolution to the extent, the Professional Fees / Compensation proposed to be paid.



NOTICE

| Disclosure pursuant to clause 49 of the listing agreement with regard to the Directors seeking re appointment at the forthcoming Annual General Meeting (items no 3,4 and 5 of the agenda) | | | |
|--|---|--|---|
| Name of Director | Mr. Vinod Narain | Mr. D. P. Dhanuka | Mr. Pradip R. Shah |
| Re appointment / Appointment | 26th July 2010 | 3rd Aug 2011 | 3rd Aug 2011 |
| Brief resume and expertise in Specific functional areas | <p>Three years Indenture Engg. Apprenticeship Course with Austin Motor Co. Ltd. Birmingham, UK out of which one year was entirely devoted to foundry practice.</p> <p>Also holds Certificate of Mechanical Engineers, Birmingham in Automobile Engg. of UEI, England; Fellow of the Institution of Valuers He is director of the Company and served the Company since its inception as Managing Director upto 1997. He is presently serving as Chairman of the Company.</p> | <p>He is one of the senior most directors of the Company and has been associated in that capacity since the Company's inception. He has been instrumental in promoting the growth decisions in the Board. He has rich corporate management experience and been associated with other corporates as Director.</p> | <p>Chartered Accountant 37 Years of experience in audit, Direct and Indirect Tax advisor, management consultancy services, Corporate advisor/ structuring / planning in various organizations, financial management and corporate</p> |
| Directorship held in other Public Companies | 1 | 1 | - |
| Membership/Chairmanship of Committees across other public companies | - | - | - |
| Number of Equity Shares held in the Company | NIL | NIL | NIL |

Place : Bangalore
Date : 04-05-2013

By order of the Board of Directors
VINOD NARAIN
Chairman



DIRECTORS' REPORT

Your Directors present the Forty First Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

| PARTICULARS | ₹. In Lacs | |
|--|---------------|---------------|
| | 2012-13 | 2011 – 12 |
| Gross Income | 26525.82 | 23030.23 |
| Less: Excise duty | 2370.47 | 1300.40 |
| Net Income | 24155.35 | 21729.83 |
| Profit before Interest and Depreciation. | 685.72 | 686.54 |
| Less: Interest | 76.67 | 62.86 |
| Profit before Depreciation | 609.05 | 623.68 |
| Depreciation for the year. (Net of withdrawal from revaluation reserve) | 180.39 | 233.00 |
| Profit after Interest and Depreciation | 428.66 | 390.68 |
| Provision for tax | 144.76 | 124.50 |
| Profit for the year | 283.90 | 266.18 |
| Prior period adjustments | 0.99 | 3.66 |
| Total | 282.91 | 262.52 |
| Balance profit for earlier years | 2192.53 | 1989.67 |
| Profit available for appropriation | 2475.44 | 2252.19 |
| Transfer to General Reserve | 50.00 | 30.00 |
| Dividend on equity shares | 31.91 | 25.52 |
| Tax on proposed dividend | 5.18 | 4.14 |
| Balance to be carried forward a sum of | 2388.35 | 2192.53 |
| Earnings per equity share of ₹.10/- each | 44.33 | 41.00 |

1. PRODUCTION

During the year under review the Company produced 38,414 tons of Grinding Media as compared to 37,979 tons in the previous year.

2. SALES & PROSPECTS

The Company sold 39,218 tons of Grinding Media during the year under review as against 38,120 tons in the previous year. The sales revenue was higher at Rs.24,155 lacs as against Rs.21,729 lacs in the previous year, recording a jump of about 11%. The sales prospects for the current year are also encouraging.

3. DIVIDEND

Your Directors are pleased to recommend a dividend of 50% (Rs.5.00 per share), as compared to 40% (Rs.4.00 per share) in the previous year.

4. FINANCE

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

5. SCIENTIFIC RESEARCH

The Global Mining Industry is facing tough competition and is on intensive drive to cut costs. This has thrown a big challenge for the company to develop and supply grinding materials with lowest possible wear rates for grinding different types of ores which could benefit the customers in reducing costs. The Research & Development section continues to work in this direction and has been successful in meeting the customer needs.

6. EMPLOYEE RELATIONS

The relationship with the employees remained cordial.

7. DIRECTORS :

Mr.Vinod Narain, Mr D.P. Dhanuka and Mr Pradip R.Shah retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.



DIRECTORS' REPORT (Contd..)

Mr. R. P. Agarwal expired on 6th April 2013. The Board in its meeting held on 4th May 2013 condoled the untimely demise and also conveyed heart-felt condolences to the bereaved family on behalf of the Company. The Board expresses its gratitude for the invaluable contribution by Mr. R. P. Agarwal towards the progress of the company during his tenure as Director. The Board requests the members to observe two minutes silence as a mark of respect to the departed soul.

8. AUDITORS :

The Statutory Auditors, M/S Dagliya & Co. hold office until the conclusion of this meeting and are eligible for reappointment. The company has received letter from M/S Dagliya & Co., to the effect that their reappointment, if made, would be within the limits specified under section 224 (1B) of the Companies Act 1956.

9. COST AUDITORS :

The Company has appointed M/S Kiran J. Mehta & Co Cost Accountants for conducting Cost Audit for the financial year 2012-13.

10. DEPOSITS:

The Company has not accepted any deposits from the public during the year under review within the meaning of section 58A of the Companies Act 1956

11. CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement with stock exchanges, a separate section(Annexure III to the Directors' report) titled "Corporate Governance" has been included in this Annual Report along with a certificate from the practicing company secretary and a certificate from the Chief Executive officer and Chief Finance officer.

12. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on "Management Discussion and Analysis " (MDA) pursuant to clause 49 of the listing agreement is annexed as Annexure IV to the Directors report and forms integral part of this report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 217 (2AA) of the Companies Act 1956, with respect to Directors' responsibility statement, the Directors hereby confirm that:

- i) in the preparation of the annual accounts for the financial year 2012-13, the applicable accounting standards have been followed and there are no material departure;
- ii) they have selected such accounting policies and applied them consistently and made 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 the profit of the Company for the financial year:
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

14. COMPLIANCE CERTIFICATE

Pursuant to section 383A of the Companies Act 1956 and Companies (Compliance Certificate) Rules 2001, compliance certificate from Mr. Manjunatha Reddy, practicing Company Secretary for the financial year 2012-13 is attached as Annexure II to this Directors' report.

15. PARTICULARS OF EMPLOYEES

No employee of the Company is drawing salary in excess of the limits specified under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975.

ACKNOWLEDGMENTS

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also wish to place on record their gratitude to the members for their continued support and confidence. Your Directors also have pleasure to place on record their sincere appreciation for the continued co-operation and support extended to the Company by the Bankers Canara Bank and State Bank of India and various other Government authorities.

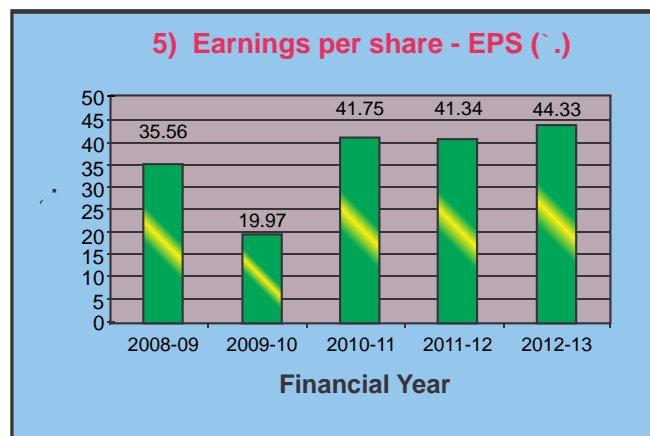
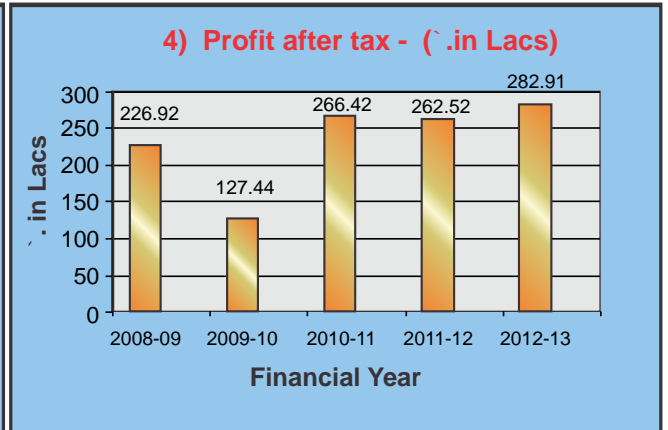
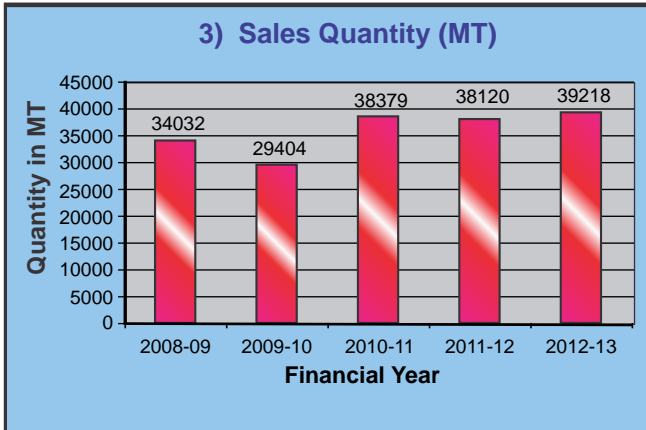
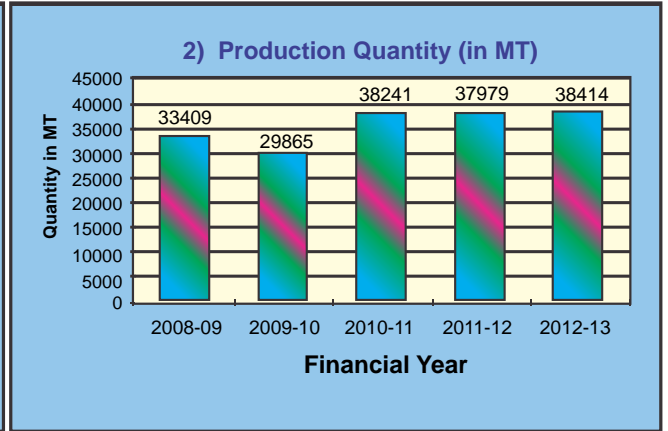
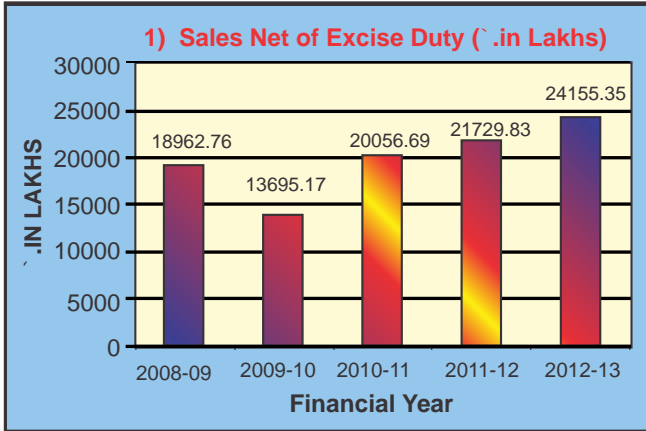
Place : Bangalore
Date : 04-05-2013

For and on behalf of the Board of Directors
VINOD NARAIN
Chairman



PERFORMANCE HIGHLIGHTS

The Company has shown appreciable improvement in performance in the year 2012-2013 and has recorded the highest production and sales figures achieved so far. The comparative charts given hereunder highlight the performance.





ANNEXURE-I TO DIRECTORS' REPORT

ANNEXURE – I

Particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31.03.2013.

I. CONSERVATION OF ENERGY

Effective steps were taken to conserve energy and the consumption has been brought down to 1316 units /ton in this financial year as against 1346 units/ton in the previous year.

1. POWER AND FUEL CONSUMPTION

Electricity

| | 2012-13 | 2011-12 |
|---|--------------|--------------|
| i) Units purchased | 4,73,45,400 | 4,81,01,280 |
| Total amount in Rs. | 28,11,94,133 | 27,96,23,572 |
| Rate / Unit (Rs.) | 5.94 | 5.81 |
| ii) Units generated | 28,61,362 | 4,62,709 |
| Unit generated /Litre of Diesel/HFO | 4.08 | 3.92 |
| 2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT : GRINDING MEDIA) Electricity Units | 1316 | 1346 |

II. RESEARCH AND DEVELOPMENT

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

- Development of grinding media for mining applications with lowest possible wear rates.
- Improvement in working environment. Some equipments were re-located for better ventilation and safe movement of persons.
- Control of mixed sand properties for reducing rejection.

2. BENEFITS DERIVED

- Increased share of market for grinding media supplies to mining industry.
- Better working environment
- Reduction in manufacturing cost and higher productivity.

3. FUTURE PLAN OF ACTION

- Development of grinding media for different types of ores.
- Implementation of Lean Management.

III. TECHNOLOGY ABSORPTION AND INNOVATION

1. EFFORTS MADE

- Introduction of new sand cooling process.
- Modification of variable frequency drive for higher production of moulds.

2. BENEFITS

- Improvement in quality.
- Increase in productivity.

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

4. EXPENDITURE ON R & D

- Capital
- Revenue

Total R&D Expenditure as a percentage of total turnover 0.02%

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. EARNINGS

Foreign exchange earned.

2. OUTGO

- CIF Value of Imports

| | |
|---------|--|
| in Lacs | |
| NIL | |
| 5.00 | |
| in Lacs | |
| 335.18 | |
| 552.49 | |



ANNEXURE-II TO DIRECTORS' REPORT

SECRETARIAL COMPLIANCE CERTIFICATE

To,
The Members
WELCAST STEELS LIMITED

I have examined the registers, records, books and papers of WELCAST STEELS LIMITED as required to be maintained under the Companies Act, 1956, (the act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met five times from 01.04.2012 to 31.03.2013, on 15.05.2012, 19.07.2012, 19.07.2012, 16.10.2012 and 21.01.2013, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 05.07.2012 to 19.07.2012 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 19.07.2012 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary General Meeting held during the financial year
8. According to the information and explanations given to me, the company has not advanced loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. According to the information and explanations given to me, no appointment has been made necessitating the company to obtain necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable.
12. The Board of Directors has approved / ratified the issue of duplicate share certificates.
13. The Company has:
 - i) Delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the act;
 - ii) Deposited the amount of dividend declared in a separate bank account on 20.07.2012 which is within five days from the date of declaration of such dividend.
 - iii) Paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been remained in the Unpaid Dividend Account of the Company with HDFC BANK, Richmond Road, Bangalore.
 - iv) Duly complied with the requirements of section 217 of the act.
 - v) An amount of Rs.33,257 unclaimed Dividend pertaining to the year 2004-05 has been transferred to Investor Education and Protection Fund Vide SRN: B58560244. However there were no instances necessitating the transfer of the amount in, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, additional directors, alternate directors and directors to fill casual vacancies has been duly made.



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

15. There was no requirement of appointing of a Managing Director / Whole-time-Director / Manager under the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government.
16. According to the information and explanations given to me, the company has not appointed any sole-selling agent.
17. The Company has no requirement necessitating to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the year under scrutiny.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The Company has not issued shares / debentures / other securities during the financial year.
20. The Company has not bought back shares during the financial year ending 31.03.2013.
21. The Company has no redeemable preference shares / debentures due for redemption during the year under scrutiny.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. According to the information and explanations given to me, the Company has not accepted any deposits from the public during the year under review.
24. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31.03.2013 are within the borrowing limits of the company.
25. According to the information and explanations given to me, the company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered of its Articles of Association during the financial year under scrutiny.
31. According to the information and explanations given to me, no prosecution was initiated against or show cause notices received by the company for alleged Offences under the Act and also the fines and penalties or any other punishment Imposed.
32. According to the information and explanations given to me, the company has not received security deposit from its employees during the year under certification.
33. As per the information provided, the Company has not established a separate fund as specified in section 418 of the Act.

Place : Bangalore
Date : 04-05-2013

M. MANJUNATHA REDDY
Name of the Company Secretary
C.P.No: 7259
ACS No 19957



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

ANNEXURE : 'A'

Name of the Company : Welcast Steels Limited
Corporate Identity No. : L27104KA1972PLC002163

Registers as maintained by the Company

1. Register of Members & Index of Members U/s.150/151.
2. Register of charges U/s.143.
3. Copies of Instrument of charges created by the company U/s.136.
4. Copies of Annual Returns U/s.163
5. Minutes of proceedings of General Meetings U/s.193.
6. Minutes of proceedings of Directors Meetings U/s.193.
7. Books of accounts U/s.209.
8. Register of contracts, etc in which directors are interested U/s.301
9. Register of Directors, Managing Director, Manager and Secretary U/s.303.
10. Register of Directors' shareholding U/s.307
11. Bank Receipts relating to deposits of Provident fund U/s.417/418/419.
12. Register of renewed and duplicate share certificates.

ANNEXURE : 'B'

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March, 2013.

| Sl. No. | Forms>Returns | Filed on | Relevant Section |
|---------|--|------------|------------------|
| 1. | Balance Sheet (Schedule VI) as at 31.03.2012 | 25.12.2012 | 220 |
| 2. | Annual Return (Schedule V) | 24.09.2012 | 159 |
| 3. | Compliance Certificate | 15.09.2012 | 220 |
| 4. | Form No.1 | 03.10.2012 | 205C |
| 5. | Form No.32 | 15.09.2012 | 260 |
| 6. | Form No. 23C | 02.07.2012 | 233B (2) |
| 7. | Form No.17 | 06.07.2012 | 138 |
| 8. | Form No.23B | 02.08.2012 | 224 |
| 9. | Form No.23D | 02.11.2012 | 233B |
| 10. | Form No.23D | 08.11.2012 | 233B |



ANNEXURE-III TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance aims at assisting the management of the Company to conduct its business efficiently and to meet its responsibilities towards its stakeholders. The Company always strives to achieve optimum performance at all levels by adhering to good Corporate Governance practices, such as:

- Fair and transparent business practices.
- Effective management control by Board.
- Adequate representation of Promoters and Independent Directors on the Board.
- Monitoring the executive performance by the Board.
- Compliance of all applicable laws.
- Transparent and timely disclosure of financial and management information to the Board.

The Company's corporate governance philosophy has been further strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for prevention of insider trading. The said Code of Conduct for prevention of the insider trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (SEBI) Prevention of Insider Trading Regulations in this regard.

We take pleasure in reporting that clause 49 (Corporate Governance) of the listing agreement became applicable to the company from the financial year 2012-13. Your Company has complied in all respects with the features of Corporate Governance.

2. BOARD OF DIRECTORS

(a) Composition of the Board:

As on 31st March 2013, the Company has eight directors with a non executive chairman and a non executive promoter director. All the eight directors are non executive directors of which seven are independent directors. Accordingly the composition of the Board is in conformity with the I (A) (ii) of Clause 49 of the Listing Agreement. Board represents a balance mix of professionalism, knowledge and expertise.

(b) Board Meetings / Director's Particulars:

During the financial year 2012-13 five meeting of the Board of Directors were held on 15th May 2012, two times on 19th July 2012, 16th October 2012, and 21st January 2013. The meetings of the Board of Director's are held at regular intervals of not more than four months in Bangalore as per the convenience of the Directors. These are generally scheduled well in advance. The Board meets atleast once a quarter to review performance and financial results. All the major decisions are taken at the Board meeting wherein directors are provided with all the material information in advance. Senior executives of the company are invited to attend the Board meeting to provide clarifications as and when required. The names and categories of the Directors on the Board, their attendance at the Board meetings held during the year and the number of directorships and committee Chairmanships/ memberships held by them in other public companies as on 31st March 2013 are here under.:

| Name of the Director | Category | Number of Board meetings attended during the year 2012-13 | Whether attended last AGM held on July 19,2012 | Number of Committee Directorships in other Public Companies | | Number of positions held in other Public Companies | |
|--|-------------------------------|---|--|---|----------|--|----------|
| | | | | Member | Chairman | Member | Chairman |
| Mr. Vinod Narain Chairman | Non Executive Independent | 3 | No | 1 | - | - | - |
| Mr. D.P. Dhanuka | Non Executive Independent | 5 | Yes | 1 | - | - | - |
| Mr. R.P.Agarwal * | Non Executive Independent | 4 | Yes | 1 | - | 1 | - |
| Mr. Bhadresh K. Shah - Promoter Director | Non Executive Non Independent | 5 | No | 2 | - | 1 | - |
| Mr. Sanjay S. Majmudar | Non Executive Independent | - | No | 4 | - | 4 | 2 |
| Mr. Rajendra S. Shah | Non Executive Independent | - | No | 7 | - | 2 | 2 |
| Mr. Pradip R Shah | Non Executive Independent | 5 | Yes | 0 | - | - | - |
| Mr. Ashok A. Nichani | Non Executive Independent | 5 | Yes | 0 | - | - | - |

* Ceased to be a Director of the Company with effect from 06.04.2013 on account of his death.



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

None of the Directors on Board is a member of more than ten committees or chairman of more than five committees, across all the public companies in which he is a Director. The necessary disclosures regarding other directorship and committee positions have been made by the Directors.

3. AUDIT COMMITTEE:

The Board constituted an audit committee on 19th July 2012 comprising of three non executive Directors of which two are the independent Directors. Mr. P. Rajendra Kumar Sr. Manager Finance acts as Secretary of the Committee.

The name of Directors and their attendance details are:

| Name of the Directors | No. of Meetings attended |
|----------------------------|--------------------------|
| Mr. D.P.Dhanuka – Chairman | 3 |
| Mr. Bhadresh K.Shah | 3 |
| Mr. Pradip R. Shah | 3 |

During Financial Year 2012-13, Three meetings of the audit committee were held on 19th July 2012, 16th October 2012 and 21st January 2013. Mr. D.P. Dhanuka, Chairman of the Audit Committee attended the last Annual General Meeting (AGM). Chief Executive officer, Chief Financial Officer, Statutory Auditors and Internal Auditors are permanent invitees to the audit Committee.

The Terms of Reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Brief description of terms of reference:

- i) To review the financial results of the company for each quarter/ half year before the same is placed at the Board meeting for its consideration and approval.
- ii) Reviewing with the management the annual financial statements before submission to the Board by focusing primarily on:
 - The going concern assumption:
 - Major accounting entries based on exercise of judgment by management:
 - Complying with the accounting standards:
 - Any changes in accounting policies and practices
 - Significant adjustments arising out of audit:
 - Any qualifications in draft audit report
 - Compliance with Stock exchange and legal requirements concerning financial statements.
- iii) To ensure compliance of internal control systems and implementation of suggestions of the internal auditors for effective function of the internal control systems
- iv) Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- v) Reviewing of significant Related Party Transactions.
- vi) Recommending the appointment and removal of statutory auditors, fixation of audit fees and also approval for payment for any other services.

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board constituted a shareholders'/ investors grievance committee on 19th July 2012 comprising of three non executive Directors of which two are the independent Directors. Mr. P. Rajendra Kumar Sr. Manager Finance acts as the compliance officer of the Committee.

The committee looks into:

- (i) Redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc.
- (ii) Oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services.

The Committee meets on need basis. During the year under review Committee met three times on 19th July 2012, 16th October 2012 and 21st January 2013. The Committee ensures that the shareholders' / investors' grievances and correspondences are attended and resolved.

The name of Directors and their attendance details are:

| Name of the Directors | No of Meetings attended |
|---|-------------------------|
| Mr. Vinod Narain - Chairman | 2 |
| Mr. R.P.Agarwal * | 2 |
| Mr. Pradip R. Shah | 3 |
| * Ceased to be a member of the committee w.e.f. 06.04.2013 on account of his death. | |



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

Status of queries / compliance received and resolved during the year:

| | |
|---|-----|
| Number of Shareholders queries / Complaints received during the period 01.04.2012 to 31.03.2013 | 2 |
| Number of Shareholders queries / Complaints resolved to the satisfaction of Share holders | 2 |
| Number of Shareholders complaints pending as on 31.03.2013 | NIL |

5. GENERAL BODY MEETINGS:

ANNUAL GENERAL MEETINGS:

The particulars of the last three Annual General Meetings of the shareholders of the Company were held as under:

| Financial Year | Date | Venue | Time | Special Resolutions passed |
|----------------|------------|--|--------|----------------------------|
| 2011-12 | 19.07.2012 | Lee Meridian Hotel, 28 , Sankey Road, Bangalore 560 052 | 15 hrs | – |
| 2010-11 | 03.08.2011 | The Lalit Ashok, Kumara Krupa High Grounds, Bangalore 560 001. | 15 hrs | – |
| 2009-10 | 26.07.2010 | The Lalit Ashok, Kumara Krupa High Grounds, Bangalore 560 001. | 15 hrs | – |

No other general meetings were held in the last three financial year.

No resolution which required to be passed through a postal ballot, as recommended under clause 49 of the listing agreement and the Companies (Passing of Resolution through Postal Ballots) Rules 2001, were placed for shareholder's approval at the meeting.

6. DISCLOSURES:

- i) Related Party Transactions: The financial and commercial transactions entered into by directors, holding company and its subsidiary with the company were not in conflict with the interest of the company. The transactions with related parties are disclosed in the notes to the financial statement. The Register of Contracts containing related party transactions is placed before the Audit Committee / Board regularly for its approval.
- ii) Compliance with Rules and Regulations:
Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or The Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets during the last three years: NIL
- iii) Whistle Blower Policy:
The Company promotes ethical behaviour in all its business and has put in place a mechanism of reporting of (i) Bribery and Corruption (ii) Financial Misappropriation and other illegal or unethical behavior. The Company has a Whistle Blower Policy wherein the employees are free to report above violations directly to the Chief Executive officer or Chief Financial officer. The confidentiality of those reporting violations is maintained and they are not subject to any discriminatory practices and are suitably rewarded.
- iv) Disclosure of Accounting Treatment: In the preparation of the Financial Statements, the Company has followed Accounting policies and practices as prescribed in the Accounting Standards and there is no change in the accounting treatment during the year under review.
- v) Board Disclosure – Risk Management:
The Company has laid down procedures for the Risk Assessment and its Minimization. These procedures are periodically reviewed by the Audit Committee / Board to ensure that executive management controls risk through means of a properly defined framework.
- vi) Details of Public funds obtained in the last three years:
No capital has been raised from public during the last three years.
- vii) Remuneration of directors:
The Company does not have any stock option plan or performance linked incentive scheme. The Company has no pecuniary relationship or transactions with its non executive directors other than payment of sitting fees plus reimbursement of related actual travel, conveyance and out of pocket expenses, if any, for attending Board and committee meetings. The company pays fees for professional services rendered by a firm of chartered accountants of which a non executive director is a partner. The company also pays fees for professional services rendered by non executive chairman. The same are, however, not material in nature.



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

The details of Sitting Fees paid to the Directors for attending Board and Committee Meetings during the Financial Year 2012-2013 are given below:

| Sr.No. | Name of the Director | Sitting Fees Paid (Rs in Lacs) |
|--------|-----------------------------|--------------------------------|
| 1. | Mr. Vinod Narain (Chairman) | 0.25 |
| 2. | Mr. D.P. Dhanuka | 0.40 |
| 3. | Mr. R.P. Agarwal | 0.30 |
| 4. | Mr. Bhadresh K. Shah | 0.40 |
| 5. | Mr. Sanjay S. Majmudar | 0.00 |
| 6. | Mr. Rajendra S. Shah | 0.00 |
| 7. | Mr. Pradip R Shah | 0.55 |
| 8. | Mr. Ashok A. Nichani | 0.25 |

viii) Management

(a) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

(b) Disclosure of material Financial and Commercial Transactions:

As per the disclosures received from the Senior Management, no material Financial and Commercial transactions that may have a potential conflict with the interest of the Company at large had taken place during the year under report.

7. MEANS OF COMMUNICATION:

The company's financial results are published in English daily and vernacular kannada news paper such as "Financial Express" in English and Sanjay Vani Kannada Edition. Company's financial results are also available on the website of the Company's website address: www.welcaststeels.com.

8. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting.

| | |
|---------------------------------------|---|
| Date and Time of 41 st AGM | 15.00 Hrs, the 10 th day of August 2013 |
| Venue of AGM | The Lalit Ashok, Kumara Krupa High Grounds, Bangalore 560 001. |
| Financial Year ended | 31 st March 2013. |
| Book Closure Date | 3 rd August 2013 to 10 th August 2013 (both days inclusive) |
| Dividend Payment Date (If declared) | Within 30 days from the date of declaration of dividend. |

(ii) Listing on Stock Exchanges:

| Name and Address of the Stock Exchanges | Scrip Code |
|---|------------|
| Bangalore Stock Exchange – Stock Exchange Towers, No 51, 1 st Cross, JC Road, Bangalore. 560 027 | |
| Bombay Stock Exchange Limited, 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001 ISIN NUMBERINE380G01015 | 504988 |

The listing fees for the year 2013-14 have been paid to both the Stock Exchanges.

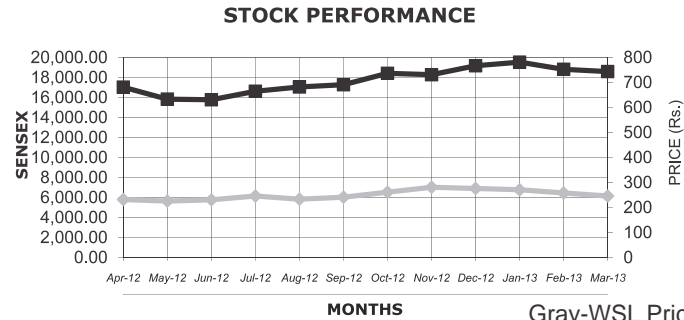
(iii) Market Price Data: High/Low during each month of the financial year.

| Month | High | Low |
|----------|--------|--------|
| Apr-2012 | 284.95 | 231.30 |
| May-2012 | 262.95 | 225.00 |
| Jun-2012 | 253.80 | 230.00 |
| Jul-2012 | 301.00 | 245.00 |
| Aug-2012 | 269.85 | 232.35 |
| Sep-2012 | 282.00 | 240.35 |
| Oct-2012 | 342.60 | 260.50 |
| Nov-2012 | 326.00 | 280.05 |
| Dec-2012 | 310.00 | 275.25 |
| Jan-2013 | 300.00 | 270.00 |
| Feb-2013 | 295.05 | 257.25 |
| Mar-2013 | 305.00 | 245.00 |



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

(iv) Performance In Comparison to BSE Sensex



(v) Registrar & Transfer Agent:

M/s Big Share Services Pvt Ltd., are the Registrar and Share transfer agents of the Company (R & T Agent). They deal with all matter pertaining to transfers, transmissions, subdivisions and consolidation of Company's securities and also correspondence for shares held in physical form. It may be noted that the request for demat of shares should be made by investors to their respective depository participants. There are no legal proceedings against the Company on any share transfer matters.

(vi) Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the company. All valid transfers are processed and registered within 15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrar and Share Transfer Agent of the company periodically receive from the depository the beneficiary holdings so as to enable them to update their records and send all corporate communications.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to the depository participants under advice to the share holders.

(vii) Shareholding pattern as on 31st March, 2013.

| Category of Share holders | No of Shares held | | Number of Share Holders | Percentage of holding |
|---------------------------------|-------------------|---------------|-------------------------|-----------------------|
| | Electronic | Physical | | |
| Promoter & Promoter Group | 456,881 | - | 1 | 71.59% |
| Public shareholding | - | - | - | - |
| -Institutions | - | - | - | - |
| -Financial Institutions / Banks | - | 75 | 3 | 0.01% |
| -Bodies Corporate | 9,335 | 50 | 52 | 1.47% |
| -Individuals | 87,000 | 46,308 | 2,499 | 20.89% |
| - NRI | 38,312 | 50 | 14 | 6.01% |
| -Clearing Member | 150 | - | 3 | - |
| GRAND TOTAL | 591,678 | 46,483 | 2,572 | 100% |

(viii) Distribution of Shareholding as on 31st March, 2013.

| No. of Equity Shares | HOLDER(S) | | HOLDER(S) | |
|----------------------|---------------|-------------------|-----------------|---------------|
| | No. of folios | % of total folios | No. of Shares | % of holding |
| 1 to 500 | 2541 | 98.79 | 109,462 | 17.15 |
| 501 to 1000 | 20 | 0.78 | 13,325 | 2.09 |
| 1001 to 2000 | 6 | 0.23 | 8,163 | 1.28 |
| 2001 to 3000 | - | - | - | - |
| 3001 to 4000 | 1 | 0.04 | 3,550 | 0.56 |
| 4001 to 5000 | - | - | - | - |
| 5001 to 10000 | 2 | 0.78 | 16,780 | 2.63 |
| 10001 & above | 2 | 0.78 | 4,86,881 | 76.29 |
| Grand Total | 2572 | 100.00 | 6,38,161 | 100.00 |

(ix) Dematerialization of Shares & Liquidity:



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

The shares of the company can be held and traded in electronic form. SEBI has stipulated the shares of the company for compulsorily delivery in dematerialized form only by all investors. The Company has entered into agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate trading in dematerialized form in India. The Breakup of equity share capital held with depositories and in physical form as on 31st March 2013 is as follows:

| Category of shares held | No of folios | % of total folios | No of Shares | % of holding |
|-------------------------|--------------|-------------------|--------------|--------------|
| In Physical Mode | 1165 | 45.30 | 46,483 | 7.284 |
| In Electronic Mode | 1407 | 54.70 | 5,91,678 | 92.716 |

(x) DETAILS OF UNPAID DIVIDEND

| Date of declaration of dividend | Dividend for the financial year | Due date of credit to the Central Government | Due date of transfer to the Central Government |
|---------------------------------|---------------------------------|--|--|
| 29.09.2006 | 2005-2006 | 28.09.2013 | 28.10.2013 |
| 20.09.2007 | 2006-2007 | 19.09.2014 | 19.10.2014 |
| 19.09.2008 | 2007-2008 | 18.09.2015 | 19.10.2015 |
| 29.07.2009 | 2008-2009 | 28.07.2016 | 27.08.2016 |
| 26.07.2010 | 2009-2010 | 25.07.2017 | 24.08.2017 |
| 03.08.2011 | 2010-2011 | 02.08.2018 | 01.09.2018 |
| 19.07.2012 | 2011-2012 | 18.07.2019 | 17.08.2019 |

Those members who have so far not encashed their dividend warrant(s) for the above mentioned financial years, may claim or approach the company for the payment thereof as the same will be transferred to the investors' education and protection fund (IEPF) of the Central Government pursuant to section 205C of the Companies Act on the respective date mentioned against the financial year. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

9. PLANT LOCATIONS:

Plot No 15, Phase 1, Peenya Industrial Area, Bangalore 560 058.

10. THE ADDRESS FOR CORRESPONDENCE :

For shares held in physical as well as electronic form:

BigShare Services Pvt Ltd,
E-2/3 Ansa Industrial Estate,
Sakivhar Road, Saki Naka, Andheri (E)
MUMBAI – 400 072
Phone No. 022-28470652, 404030200,
Email-info@bigshareonline.com

For any other matters and un resolved complaints relating to Dividend, Annual Reports etc.

Mr. P.Rajendra Kumar
Compliance officer,
Plot No 15, Phase 1,
Peenya Industrial Area Bangalore 560 058.
Phone : 0-8722803333, 8722802333
Email:investor.grievance@welcaststeels.com
rajendrakumar@welcaststeels.com

11. CEO / CFO CERTIFICATION:

The certificate from Mr.VVR Mohana Rao Chief Executive Officer and Mr.Yash Raj Chief Financial Officer of the Company as placed before the Board in terms of Clause 49 (V) of the listing agreement is enclosed at the end of this report.

12. PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

A certificate has been issued by M/s Manjunath Reddy, Practicing Company Secretary with regard to compliance of conditions of Corporate Governance is attached to this report.

DECLARATION

In compliance with Clause 49 of the Listing Agreement, I Mohana Rao VVR Chief Executive officer of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2012-13

Place: Bangalore
Date: 4th May 2013

(VVR Mohana Rao)
Chief Executive officer



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

PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Welcast Steels Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by Welcast Steels Limited for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 an 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 listing agreement.

We state that during the year ended 31st March 2013, two complaints were received and resolved and hence no Investor Complaint is pending against the Company as on 31st March 2013 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee and to us.

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.

Manjunath Reddy M
Company Secretary

Place :Bangalore
Date : 04.05.2013

ACS No. 1957
C.P.No.7259

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER CERTIFICATION

To,
The Board of Directors,
WELCAST STEELS LIMITED,
Bangalore -560 058

We, the undersigned, in our capacities as the Chief Executive Officer and Chief Finance Officer of Welcast Steels Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2013 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions executed by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We are responsible for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - (i) Significant changes, if any, in internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of fraud which we have become aware of and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

MOHANA RAO VVRM
Chief Executive Officer
Place: Bangalore
Date :04th May 2013

YASH RAJ
Chief Financial Officer
Place: Bangalore
Date : 04th May 2013



ANNEXURE-IV TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

Welcast Steels Limited manufactures and markets a wide range of High Chrome Grinding Media balls which are used in the process of grinding in the Cement, Mining and thermal power plants.

The Company employs alloy-casting process for manufacture of the products, which require designing of alloys in relation to end application. The casting process is followed by precision heat treatment to develop required end properties. Therefore, Company can generally be classified as a foundry. Since the Company's products are used in the cement, mining and thermal power plants, the market prospects are linked with the requirement of these industries.

Welcast Steels Limited services the cement, mining industries and thermal power plants in India. The Indian cement industry has been witnessing cyclical movement during last 3 fiscal years, and it appears that the overall outlook in India continues to remain bearish. The Indian Cement Industry, having grown its capacity up to 300 Million Tonnes P.A. seems to have entered a phase of consolidation with the new capacity additions having slowed down and the Industry operating at an average capacity utilization of around 75% only.

In India, in addition to the cement and mining industries, Welcast Steels Limited is also servicing the replacement and new capex requirements of coal-fired thermal power plants and thus directly catering to the power sector. India is projected to continue to be a power deficit for the foreseeable future and hence a sustained growth in this particular segment in India is predictable.

B. SEGMENTWISE PERFORMANCE

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Grinding Media.

C. OUTLOOK AND PROSPECTS

The overall position of the cement industry in India continues to remain sluggish for a major part of FY 2012-13. India's cement production has increased by around 8 to 10% in FY 2012-13 and on a matching basis your company has maintained a similar growth in the cement replacement market in India.

As far as the mining industry is concerned, the company is focusing on four major products viz. Iron ore, Platinum, Gold and Copper. The company is focused on the replacement market for which the demand would continue to grow.

D. CAPEX PLAN:

Within the available land at existing plant location, we do not have sufficient space for further capital expansion. Therefore, the Company has acquired 3 Acres of land in Dabaspet, about 50 KM away from the existing plant for increasing its manufacturing capacity. The Karnataka Industrial Areas Development Board, through whom the land has been purchased, is yet to hand over the possession of the land. It is expected that in the year 2014-2015, the company will be able to add further capacity of about 18,000 Tons / Annum of Grinding Media at the newly acquired site to its existing capacity of 42,000 Tons / Annum.

E. RISKS AND CONCERNS

A major area of risk is with regard to fluctuation in the raw material prices. The Company has converted major portion of its contracts from fixed price to fluctuating price regime. The Company is closely monitoring the price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions.

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded & reported properly and to ascertain operating business risks, which is mitigated by regular monitoring and corrective actions.

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflect a true and fair view of the state of the Company's business.

The Company has successfully migrated to the SAP-ERP system and this has helped in further strengthening the Internal Control System.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. Similarly, the Internal Auditors are also monitoring the Internal Control Systems.



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

G. FINANCIAL PERFORMANCE REVIEW

An analysis financial performance of the Company is as under:-

Production

The production achieved is as under:

(Qty.in M.T)

| Product | F.Y.2012-13 | F.Y.2011-12 |
|----------------------------------|-------------|-------------|
| High Chrome Grinding media balls | 38414 | 37979 |

Sales Turnover

The comparative position of sales turnover achieved by the Company is as under:

(` . in Lacs)

| Particulars | F.Y.2012-13 | F.Y.2011-12 |
|-----------------------|------------------|-------------|
| Sales (Net of Excise) | 24,155.35 | 21,729.84 |
| Other Income | 49.52 | 27.49 |
| Total | 24,204.87 | 21,757.33 |

Key Performance Indicators

An analysis of the key indicators as percentage to Revenue is given below:

(` . in lacs)

| | Particulars | F.Y.2012-13 | % of revenue | F.Y.2011-12 | % of revenue |
|----|---|------------------|--------------|-------------|--------------|
| 1 | Revenue from Operations (Net) | 24,155.35 | 100.00 | 21,729.84 | 100.00 |
| 2 | Cost of Materials Consumed-(Including Trading Purchase) | 15,897.52 | 65.81 | 14,557.20 | 66.99 |
| 3 | Employee Benefits Expense | 877.78 | 3.63 | 752.56 | 3.46 |
| 4 | Other Expenses | 6,744.83 | 27.93 | 5,764.69 | 26.53 |
| 5 | EBIDTA | 635.22 | 2.63 | 655.39 | 3.02 |
| 6 | Other Income | 49.52 | 0.21 | 27.49 | 0.13 |
| 7 | Finance Costs | 76.67 | 0.32 | 62.86 | 0.26 |
| 8 | Depreciation & Amortization Expense | 180.39 | 0.75 | 233.01 | 1.07 |
| 9 | Profit before Tax | 427.68 | 1.77 | 387.01 | 1.78 |
| 10 | Tax Expenses | 144.77 | 0.60 | 124.50 | 0.57 |
| 11 | Profit for the period After tax | 282.91 | 1.17 | 262.51 | 1.21 |

H) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company believes that human resource is the most important asset of the organization. During the year under review, your Company continued its efforts to improve HR related processes, practices and systems to align these to the organizational objectives. Training and development of its employees is ensured through on the job and outside training programs and workshop.

The Company continues to attract excellent talent to further its business interest. Industrial Relations continue to be cordial.

CAUTIONARY STATEMENT

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities, laws & regulations. Actual results could differ from those expressed or implied, Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

None of the Senior Management personnel have Financial and Commercial transactions with the Company, where they have personal interest, that would / could emerge as potential conflict with the interest of the Company at large.



AUDITORS' REPORT

To,

**The Members of
WELCAST STEELS LIMITED
Bangalore**

Report on the Financial Statements

We have audited the accompanying financial statements of WELCAST STEELS LTD., which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of 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 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 control 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.

Auditor's 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 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 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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 Companies Act, 1956 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 March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, based on such checks as we considered appropriate and according to the information and explanations given to us, we state that:
 - 1) (a) The company has maintained adequate records of fixed assets with full particulars including quantity and location.
(b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
(c) During the year, the company has not disposed off any substantial part of the fixed assets affecting the going concern status of the company.
 - 2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.
 - 3) a) The company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.



AUDITORS' REPORT (Contd..)

In view of the above the question of rate of interest, terms and conditions of loans, regularity of recovery of principal and interest and over dues does not arise and clauses 4 (iii) (b), (c) and (d) of the Order are not applicable.

- b) The company has not borrowed any loans from the companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.

In view of the above the question of rate of interest, terms and conditions of loans, regularity of repayment of principal and interest and over dues does not arise and clauses 4 (iii) (e), (f) and (g) of the Order are not applicable.

- 4) In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) (a) Based on the audit procedures and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained u/s 301 Of the companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) As explained to us, the company has not accepted any deposits from the public with in the meaning of sections 58A and 58 AA or any other relevant provisions of the companies Act, 1956 and Rules framed there under.
- 7) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business
- 8) We have broadly reviewed the books of accounts relating to materials, Labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether that are accurate or complete.
- 9) (a) According to the records of the Company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it.
- (b) According to the information and explanations given to us and based on the records verified by us, we state that no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise duty and Cess which have remained outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Income tax, Wealth tax, Sales tax, Service Tax, Customs duty, Excise duty and Cess, which have not been deposited on account of any dispute except as stated below:

| Name of the Statute | Nature of Dues | Disputed Amount (` . in Lac) | Forum where the dispute is pending |
|----------------------|----------------|-------------------------------|---|
| Finance Act, 1994 | Service Tax | 116.64 | Customs, Excise & Service Tax Appellate Tribunal, Bangalore. |
| Income Tax Act, 1961 | Income Tax | 1.22 | In the process of filing rectification before DCIT, Bangalore |

- 10) The company neither has accumulated losses at the end of the financial year nor incurred cash losses during the current and the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company has neither borrowed any loans from Financial Institutions nor issued any debentures and consequently the question of default in repayment does not arise.



AUDITORS' REPORT (Contd..)

- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
 - 13) 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - 15) As informed to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
 - 16) The company has not raised any term loans from Banks or Financial Institutions during the year under audit. Hence the question of application of loan funds for the purpose for which they are obtained does not arise.
 - 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
 - 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
 - 19) The Company has not issued any debentures during the year.
 - 20) The company has not raised money by public issues during the year.
 - 21) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- II. As required by section 227(3) 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement generally comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31st March 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

Place : Bangalore
Date : 04-05-2013

For DAGLIYA & CO.
Chartered Accountants
(FRN 000671S)
(P.MANOHARA GUPTA)
Partner
Membership No: 16444



Balance Sheet As At 31st March 2013

₹. In Lacs

| Particulars | Note No. | As At 31st March 2013 | As At 31st March 2012 |
|--|----------|-----------------------|-----------------------|
| A. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 63.84 | 63.84 |
| (b) Reserves and Surplus | 2 | 2,781.97 | 2,537.32 |
| (2) Share Application money pending allotment | | | |
| | | - | - |
| (3) Non-Current Liabilities | | | |
| (a) Long term borrowings | | - | - |
| (b) Deferred Tax Liabilities (Net) | | - | - |
| (c) Other Long Term Liabilities | | - | - |
| (d) Long Term Provisions | 3 | 143.75 | 104.48 |
| (4) Current Liabilities | | | |
| (a) Short-Term Borrowings | 4 | 550.00 | 814.90 |
| (b) Trade Payables | 5 | 1,716.97 | 1,105.57 |
| (c) Other Current Liabilities | 6 | 555.12 | 1,237.22 |
| (d) Short-Term Provisions | 7 | 106.83 | 86.64 |
| Total | | 5,918.48 | 5,949.97 |
| B. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | 8 | | |
| (i) Tangible Assets | | 708.11 | 867.66 |
| (ii) Intangible Assets | | 2.37 | - |
| (iii) Capital Work in Progress | | 6.22 | - |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | 9 | 0.01 | 0.01 |
| (c) Deferred tax assets (net) | 10 | 136.70 | 115.72 |
| (d) Long term loans and advances | 11 | 601.93 | 546.45 |
| (e) Other non-current assets | 12 | 129.56 | 53.52 |
| (2) Current Assets | | | |
| (a) Current investments | | | |
| (b) Inventories | 13 | 2,139.95 | 1,911.35 |
| (c) Trade receivables | 14 | 706.42 | 868.38 |
| (d) Cash and cash equivalents | 15 | 543.14 | 65.00 |
| (e) Short-term loans and advances | 16 | 917.90 | 1,514.28 |
| (f) Other current assets | 17 | 26.17 | 7.60 |
| Total | | 5,918.48 | 5,949.97 |

Significant Accounting Policies and Notes to Financial Statements form an integral part of the Balance Sheet 26

For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R. SHAH
ASHOK A. NICHANI
DIRECTORS

VINOD NARAIN
Chairman

YASH RAJ
Chief Financial Officer

As per our Report attached
for **DAGLIYA & CO.**
Chartered Accountants
(FRN 000671S)

(P MANOHARA GUPTA)
Partner
Membership No 16444

Place : Bangalore
Date : 04-05-2013



Statement of Profit & Loss For The Year Ended 31st March 2013

In Lacs

| Particulars | Note No | Year ended 31st March 2013 | Year ended 31st March 2012 |
|--|---------|----------------------------|----------------------------|
| 1 Revenue from operations (Gross) | 18 | 26,525.82 | 23,030.24 |
| Less: Excise duty | | 2,370.47 | 1,300.40 |
| Revenue from operations (Net) | | 24,155.35 | 21,729.84 |
| 2 Other Income | 19 | 49.52 | 27.49 |
| 3 Total Revenue (1+2) | | 24,204.87 | 21,757.33 |
| 4 Expenses: | | | |
| (a) Cost of materials consumed | 20 | 15,595.74 | 14,557.20 |
| (b) Changes in inventories of finished goods, work-in-process and Stock-in-Trade | 21 | 310.47 | (23.18) |
| (c) Cost of goods Traded | | 301.78 | - |
| (d) Employee Benefits Expense | 22 | 877.78 | 752.56 |
| (e) Finance Costs | 23 | 76.67 | 62.86 |
| (f) Depreciation and Amortization Expense | 8 | 180.39 | 233.01 |
| (g) Other Expenses | 24 | 6,433.38 | 5,784.20 |
| Total Expenses | | 23,776.21 | 21,366.65 |
| 5 Profit before exceptional, extraordinary, prior period items, and tax (3-4) | | 428.66 | 390.68 |
| 6 Prior Period items | 25 | 0.99 | 3.66 |
| 7 Exceptional Items | | - | - |
| 8 Profit before extraordinary items and tax (5 - 6 - 7) | | 427.67 | 387.02 |
| 9 Extraordinary Items | | - | - |
| 10 Profit before tax (8 - 9) | | 427.67 | 387.02 |
| 11 Tax expense: | | | |
| (a) Current tax | | 165.00 | 142.00 |
| (b) Taxes of earlier years | | 0.73 | 1.07 |
| (c) Deferred tax | | (20.97) | (18.57) |
| 12 Profit(Loss) for the period from continuing operations 10-11) | | 282.91 | 262.52 |
| 13 Earning per equity share: Basic & Diluted | | 44.33 | 41.14 |

Significant Accounting Policies and Notes to Financial Statements form an integral part of the Statement of Profit and Loss

26

For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R. SHAH
ASHOK A. NICHANI
 DIRECTORS

VINOD NARAIN
 Chairman
YASH RAJ
 Chief Financial Officer

As per our Report attached for **DAGLIYA & CO.**
 Chartered Accountants
 (FRN 000671S)
(P MANOHARA GUPTA)
 Partner
 Membership No 16444

Place : Bangalore
 Date : 04-05-2013



Notes forming part of the Financial Statements

. In Lacs

1. Share Capital

| Particulars | As at 31st March 2013 | | As at 31st March 2012 | |
|--|--------------------------|--------------|--------------------------|--------------|
| | No of shares | Amount | No of shares | Amount |
| A AUTHORISED | | | | |
| Equity Shares of Rs.10/- each with voting rights | 2,000,000 | 200.00 | 2,000,000 | 200.00 |
| B ISSUED , SUBSCRIBED & FULLY PAID UP | | | | |
| Equity Shares of Rs.10/- par value | 638,161 | 63.82 | 638,161 | 63.82 |
| Fully allotted for cash | | | | |
| Forfeited Shares - Equity Shares of Rs10/- each (originally paid up @ Rs 5/- per share) | 425 | 0.02 | 425 | 0.02 |
| Total | 638,586 | 63.84 | 638,586 | 63.84 |

C Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period:

| Equity Shares | As at 31st March 2013 | | As at 31st March 2012 | |
|---|-----------------------|--------|-----------------------|--------|
| | No of shares | Amount | No of shares | Amount |
| Shares outstanding at the beginning of the year | 638,161 | 63.82 | 638,161 | 63.82 |
| Add/ (Less): Shares allotted/ (bought back) during the year | - | - | - | - |
| Shares outstanding at the end of the year | 638,161 | 63.82 | 638,161 | 63.82 |

D Details of Equity Shares in the Company held by each share holder holding more than 5% shares and Shares held by Holding company

| Name of the shareholder | As at 31st March 2013 | | As at 31st March 2012 | |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| AIA Engineering Ltd - Holding Company | 456,881 | 71.59 | 456,881 | 71.59 |

E TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the share holder.

F The company has not allotted any shares pursuant to contract without payment being received in cash, nor by way of bonus shares nor bought back any shares during the immediately preceding five financial years.

2. Reserves & Surplus

. In Lacs

| Particulars | As at 31st March 2013 | | As at 31st March 2012 | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | | | | |
| a Securities Premium (There are no additions/deduction since the last Balance sheet) | | 47.79 | | 47.79 |
| b Revaluation Reserve | | | | |
| Opening balance | 12.88 | | 14.05 | |
| Less: Withdrawn during the year | 1.17 | | 1.17 | |
| Closing balance | | 11.71 | | 12.88 |
| c General Reserve | | | | |
| Opening balance | 284.13 | | 254.13 | |
| Add: Transferred from Surplus in Statement of Profit and Loss | 50.00 | | 30.00 | |
| Closing balance | | 334.13 | | 284.13 |
| d Surplus | | | | |
| Opening balance | 2,192.52 | | 1,989.67 | |
| Add: Transferred from Surplus in Statement of Profit and Loss | 282.91 | | 262.52 | |
| Less: Proposed Dividend | 31.91 | | 25.53 | |
| Less :Tax on Proposed Dividend | 5.18 | | 4.14 | |
| Less: Transfer to General Reserve | 50.00 | | 30.00 | |
| Closing balance | | 2,388.34 | | 2,192.52 |
| Total | | 2,781.97 | | 2,537.32 |



Notes forming part of the Financial Statements

₹. In Lacs

3. Long Term Provisions

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---------------------------------|-----------------------|-----------------------|
| Provision for Employee Benefits | | |
| a) Gratuity | 118.67 | 79.86 |
| b) Compensated Absences | 25.08 | 24.62 |
| Total | 143.75 | 104.48 |

4. Short Term Borrowings

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Secured | | |
| a) Loan repayable on Demand from Bank - Canara Bank | | |
| (i) Cash Credit | - | 264.90 |
| (ii) Packing Credit | 550.00 | 550.00 |
| 1) Secured by hypothecation, by way of first charge on stocks of raw materials, semi finished, finished goods, packing materials, book debts, receivables and other current assets and fixed assets including Plant, Machinery, tools, accessories and other assets stored/installed in the factory or at any other place. 2) No default in repayment of above loan/in payment of interest | | |
| Total | 550.00 | 814.90 |

5. Trade Payables

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|-------------------------------------|-----------------------|-----------------------|
| Trade Payables | | |
| Dues to Micro and Small Enterprises | 30.53 | 14.20 |
| Dues to Others | 1,686.44 | 1,091.37 |
| Total | 1,716.97 | 1,105.57 |

6. Other Current Liabilities

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|-----------------------------------|-----------------------|-----------------------|
| a) Unpaid Dividends | 3.67 | 3.13 |
| b) Advances from Customers | 478.24 | 1,174.41 |
| c) Accrued Salaries & Benefits | 51.07 | 43.11 |
| d) Contribution to PF/ESI payable | 10.41 | 10.68 |
| e) Other Payables -Duties & Taxes | 11.73 | 5.89 |
| Total | 555.12 | 1,237.22 |

7. Short Term Provisions

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|------------------------------------|-----------------------|-----------------------|
| a) Provision for employee benefits | | |
| i) Gratuity | 24.68 | 19.05 |
| ii) Compensated Absences | 5.89 | 3.05 |
| iii) Bonus and Ex-Gratia | 33.22 | 28.80 |
| b) Others | | |
| i) Provision for Income tax | 165.00 | 142.00 |
| Less: Advance Tax Paid | (159.05) | (135.93) |
| Net Tax Provision | 5.95 | 6.07 |
| ii) Proposed Dividend | 31.91 | 25.53 |
| iii) Provision for Tax on Dividend | 5.18 | 4.14 |
| Total | 106.83 | 86.64 |



Notes forming part of the Financial Statements

8. FIXED ASSETS

₹. in lacs

| PARTICULARS | Gross Block | | | Depreciation | | | Net Block | | |
|----------------------------|---------------------|---------------------------------|---------------------------------|---------------------|---------------------|-----------------|---------------------------|---------------------|---------------------|
| | As at 01.04.2012 | Additions during the Year | Deletions during the Year | As at 31.03.2013 | As at 01.04.2012 | For the Year | Withdrawal/ Deductions | As at 31.03.2013 | As at 31.03.2012 |
| TANGIBLE ASSETS : | | | | | | | | | |
| Land | 8.89 | - | - | 8.89 | | | - | 8.89 | 8.89 |
| Buildings | 625.94 | 2.42 | - | 628.36 | 340.09 | 28.32 | - | 259.95 | 285.85 |
| Plant & Machinery | 3,345.14 | 7.92 | - | 3,353.06 | 2,843.87 | 138.56 | - | 370.63 | 501.27 |
| Furniture & Fixtures | 42.19 | 0.78 | - | 42.97 | 30.76 | 2.10 | - | 10.11 | 11.43 |
| Computers | 37.20 | 3.27 | - | 40.47 | 35.85 | 0.87 | - | 3.75 | 1.35 |
| Office Equipments | 58.72 | 6.82 | - | 65.54 | 21.61 | 5.48 | - | 38.45 | 37.11 |
| Laboratory Equipments | 40.39 | 0.55 | - | 40.94 | 27.57 | 3.66 | - | 9.71 | 12.82 |
| Vehicles | 34.13 | - | - | 34.13 | 25.19 | 2.32 | - | 6.62 | 8.94 |
| Total | 4,192.60 | 21.76 | - | 4,214.36 | 3,324.94 | 181.31 | - | 708.11 | 867.66 |
| Previous year - Tangible | 4,165.13 | 43.81 | 16.34 | 4,192.60 | 3,106.46 | 234.18 | 15.70 | 867.66 | - |
| INTANGIBLE ASSETS : | | | | | | | | | |
| Software | - | 2.62 | - | 2.62 | - | 0.25 | - | 2.37 | - |
| Total | - | 2.62 | - | 2.62 | - | 0.25 | - | 2.37 | - |
| Previous year - Intangible | - | - | - | - | - | - | - | - | - |
| Capital work in progress | - | 6.22 | - | 6.22 | - | - | - | 6.22 | - |
| Previous Year | - | - | - | - | - | - | - | - | - |
| Grand total | 4,192.60 | 30.60 | - | 4,223.20 | 3,324.94 | 181.56 | - | 716.70 | 867.66 |
| Previous year | 4,165.13 | 43.81 | 16.34 | 4,192.60 | 3,106.46 | 234.18 | 15.70 | 867.66 | - |



Notes forming part of the Financial Statements

₹. In Lacs

9. Non Current Investments

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|-----------------------|-----------------------|
| Trade Investments | - | |
| Other Investments | | |
| In Government Securities- (Unquoted, At cost) (National Saving Certificates/IVP) | 0.01 | 0.01 |
| Total | 0.01 | 0.01 |

10. Deferred Tax Assets

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Arising on account of timing difference | | |
| On account of Depreciation | 80.14 | 74.10 |
| On account of Gratuity, Compensated Absences & Bonus | 56.56 | 41.62 |
| Total | 136.70 | 115.72 |

11. Long Term Loans and Advances

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|-----------------------|-----------------------|
| Capital Advances (Unsecured & considered good) (Advance paid towards purchase of Land) | 188.40 | 188.40 |
| Security Deposits (Unsecured & Considered good) | | |
| Earnest Money Deposit | 2.71 | 2.52 |
| Other Deposits | 410.82 | 355.53 |
| Total | 601.93 | 546.45 |

12. Other Non Current Assets

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|-----------------------|-----------------------|
| Long Term Trade Receivables | | |
| Unsecured, Considered Good : | 117.58 | 17.21 |
| (Outstanding for more than 6 months from the dates they are due for payment) | | |
| Deposits-In Post office Savings bank Account (Pass Book lodged with Central Excise Dept) | 0.09 | 0.09 |
| Other Bank Balance | | |
| In Fixed Deposits (as Margin Money, more than 12 months maturity) | 11.89 | 36.22 |
| Total | 129.56 | 53.52 |

13. Inventory

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|------------------|-----------------------|-----------------------|
| Raw Materials | 1,192.60 | 726.50 |
| Stores & Spares | 453.53 | 422.78 |
| Work in Process | 451.59 | 759.28 |
| Finished goods | - | 2.79 |
| Goods in Transit | 42.23 | - |
| Total | 2,139.95 | 1,911.35 |

14. Trade Receivables

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Unsecured & Considered good | 706.42 | 868.38 |
| Above include: | | |
| i. Amount due for more than 6 months from the date they have fallen due for payment-Rs 95.42 lacs/- (Pr Yr-Rs 153.51 lacs) | | |
| Total | 706.42 | 868.38 |



Notes forming part of the Financial Statements

₹. In Lacs

15. Cash & Cash Equivalents

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|---|-----------------------|-----------------------|
| Cash & Bank Balances : | | |
| Balance with Banks: | | |
| In Current Accounts | 37.46 | 57.04 |
| In Cash Credit Account Debit Balance | 501.13 | - |
| Unpaid Dividend Accounts | 3.72 | 3.18 |
| Sub Total (A) | 542.31 | 60.22 |
| Cash-in-Hand (B) | 0.83 | 4.78 |
| Total [A + B] | 543.14 | 65.00 |

16. Short Term Loans and Advances

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|--|-----------------------|-----------------------|
| Short Term Loans & Advances: (Un Secured, Considered Good) | | |
| Advances Recoverable in cash or in kind or for value to be received | 348.43 | 624.09 |
| Balance with Central Excise Dept | 215.67 | 427.08 |
| Balance with Sales Tax Dept | 339.08 | 450.54 |
| Income Tax Refund Due | 3.14 | 1.31 |
| Loans and Advances to Staff | 11.58 | 11.26 |
| Total | 917.90 | 1,514.28 |

17. Other Current assets

₹. In Lacs

| Particulars | As at 31st March 2013 | As at 31st March 2012 |
|------------------|-----------------------|-----------------------|
| DEPB Receivables | 26.17 | 7.60 |
| Total | 26.17 | 7.60 |

18. Revenue from Operations

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---|-------------------------------|-------------------------------|
| Sale of Products : Hi Chrome Grinding Media balls | 26,176.09 | 23,026.84 |
| : Liners | 322.65 | - |
| Other Operating Revenues | 27.08 | 3.40 |
| | 26,525.82 | 23,030.24 |
| Less : Excise Duty | (2,370.47) | (1,300.40) |
| Total | 24,155.35 | 21,729.84 |

19. Other Income

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|-----------------------------------|-------------------------------|-------------------------------|
| Interest on Bank / Other Deposits | 28.43 | 21.30 |
| Miscellaneous Receipts | 21.09 | 3.63 |
| Profit on Sale of Assets | - | 2.56 |
| Total | 49.52 | 27.49 |



Notes forming part of the Financial Statements

₹. In Lacs

20. Cost of Material Consumed

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---|-------------------------------|-------------------------------|
| RAW MATERIALS CONSUMED: (98.08 % indigeneous, 1.92% imported (Pr Yr -100 % indigeneous)) | | |
| Melting Steels Scrap | 8,332.58 | 6,920.61 |
| Ferro Chrome | 7,098.02 | 6,609.20 |
| Alloy Steel As Castings | 165.14 | 1,027.39 |
| Total | 15,595.74 | 14,557.20 |

21 Changes in Inventories of finished goods, work in process & stock in trade

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|--|-------------------------------|-------------------------------|
| Work in Process | | |
| Opening Stock: | 759.27 | 713.90 |
| Less : | | |
| Closing Stock | 451.59 | 759.27 |
| Total -A | 307.68 | (45.37) |
| Finished Goods: | | |
| Opening Stock: | 2.79 | 24.98 |
| Less : | | |
| Closing Stock: | - | 2.79 |
| Total - B | 2.79 | 22.19 |
| Total - A+B (Total Change in Inventory) | 310.47 | (23.18) |

22 Employee Benefits Expense

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---|-------------------------------|-------------------------------|
| Salaries, Wages and Bonus | 708.48 | 631.09 |
| Contribution to Provident Fund / ESIC / Gratuity Fund | 95.23 | 54.70 |
| Staff Welfare Expenses | 74.07 | 66.77 |
| Total | 877.78 | 752.56 |

23 Finance Costs

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---------------------------------------|-------------------------------|-------------------------------|
| Interest Expense | | |
| - For Cash Credit and Working Capital | 76.67 | 61.04 |
| - For Term Loan | - | 1.82 |
| Total | 76.67 | 62.86 |

8. Depreciation & Amortisation Expense

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---|-------------------------------|-------------------------------|
| Depreciation | 181.56 | 234.18 |
| Less: Amount Transferred to Revaluation Reserve | 1.17 | 1.17 |
| Total | 180.39 | 233.01 |



Notes forming part of the Financial Statements

₹. In Lacs

24. Other Expenses

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---|-------------------------------|-------------------------------|
| Consumption of Stores & Spare Parts | 2,417.46 | 1,855.32 |
| Power and Fuel | 2,811.94 | 2,796.23 |
| Labour Charges | 473.03 | 405.97 |
| Factory Maintenance | 46.58 | 28.21 |
| Repairs and Maintenance | | |
| - To Buildings | 27.46 | 33.10 |
| - To Plant and Equipments | 80.79 | 95.76 |
| - To Other Assets | 10.14 | 10.32 |
| Insurance | 10.67 | 9.58 |
| Rates and Taxes | 14.35 | 12.99 |
| Rent | 4.77 | 4.47 |
| Directors' Sitting Fees | 2.15 | 1.10 |
| Travelling Expenses | | |
| - For Directors | 0.34 | 0.67 |
| - For Others | 9.37 | 15.01 |
| Statutory Auditor's Fees | | |
| - For Audit Fees | 2.00 | 2.00 |
| - For Income Tax Audit Fees | 0.50 | 0.50 |
| - For KVAT Audit Fees | 0.50 | 0.50 |
| - For Income Tax matters | 0.50 | 0.75 |
| - For Company Law Matters | - | 0.75 |
| - For Certification/Limited Reviews | 0.50 | 0.80 |
| Legal and Professional Consultancy Fees | 25.32 | 28.59 |
| Bank Commission Charges | 13.48 | 8.99 |
| Printing and Stationery Expenses | 6.85 | 15.82 |
| Postage, Telephones, Courier, Internet & E-mail | 6.42 | 6.67 |
| Sales Promotion | 3.96 | 2.91 |
| Vehicle Repairs and Maintenance | 7.85 | 8.46 |
| Conveyance Expenses | 1.52 | 1.61 |
| Donation Expenses | 0.35 | 0.15 |
| Advertisement Expenses | 1.59 | 4.08 |
| Packing Materials Consumed | 393.01 | 375.02 |
| Freight Outward | 42.45 | 36.90 |
| Bad Debts | - | 7.64 |
| Miscellaneous Expenses | 17.53 | 13.33 |
| Total | 6,433.38 | 5,784.20 |

25. Prior Period Expenses

₹. In Lacs

| Particulars | Year ended 31st March 2013 | Year ended 31st March 2012 |
|---------------------------|-------------------------------|-------------------------------|
| Repair & Maintenance | 0.35 | 3.42 |
| Labour charges | - | 0.24 |
| Office Maintenance | 0.04 | - |
| Subscription & Membership | 0.25 | - |
| Freight Outward | 0.35 | - |
| Total | 0.99 | 3.66 |



Notes forming part of the Financial Statements

A. Significant Accounting Policies

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements, except certain fixed assets, which are revalued have been prepared under the historical cost convention in accordance with Indian generally accepted accounting principles and the provisions of the Companies Act 1956 as adopted consistently by the Company.

II. FIXED ASSETS

- a) Land, Building and Plant and Machinery acquired up to 31st March 1989 are stated on the basis of revaluation and other fixed assets are stated at cost.
- b) All direct costs and cost of financing relating to the specific borrowing attributable to the eligible fixed assets till they are commissioned are capitalized and CENVAT credit / VAT credit availed/ available on the capital goods are deducted from the cost of the corresponding assets.
- c) Profit / Loss on disposal of fixed assets are credited / charged, as the case may be, to the statement of Profit and Loss Account.

III. DEPRECIATION AND AMORTISATION

- a) In respect of the assets acquired up to 31/03/1996, depreciation has been provided on straight-line method at the rates and in the manner stipulated under schedule XIV to the Companies Act 1956.
- b) In respect of tangible fixed assets acquired after 31.03.1996, depreciation has been provided on written down value method at the rates and in the manner stipulated under schedule XIV to the Companies Act 1956.
- c) Depreciation on incremental value on account of revaluation of assets is charged to revaluation reserve.
- d) Intangible assets are amortised using the straight line method over their estimated useful life as follows: Computer software : Over a period of 3 years commencing from the date of putting to use.

IV. INVESTMENTS

Investments held are classified as long term and carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary.

V. INVENTORIES

- a) Finished Goods and Work in process are valued at cost or net realizable value whichever is lower. Cost represents material cost, labour cost, and other appropriate overheads. Finished Goods are valued inclusive of excise duty.
- b) Raw Materials, Stores & Spares and other inputs are valued at cost or net realizable value whichever is lower, cost being determined on weighted average method. However raw materials and other inputs held for use in or in relation to production are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- c) Excess / shortage, if any, arising on physical verification are absorbed in the respective consumption accounts.

VI. REVENUE RECOGNITION

Revenue from sales of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally co incide when the goods are despatched from the factory or delivered to customers as per the terms of contract.

VII. EMPLOYEE BENEFITS

- a) Defined Contribution plans:

These are plans in which the Company pays pre defined amounts to separate funds, and does not have any legal or informal obligation to pay any additional sums. These comprise of defined contribution plans for employees comprising of government administered employees state insurance, provident fund and pension plans. The contribution paid / payable to these plans during the year is charged to statement of profit and loss for the year on accrual basis.

- b) Defined benefit plans:

- i. Gratuity: The Company makes contributions to the employees' group gratuity-cum-life assurance scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits has been determined on actuarial valuation conducted annually by an independent Actuary using the projected unit credit method, as adjusted for un recognized past service cost , if any, and as reduced by the fair value of the plan assets, is recognized in the accounts. Actuarial gains and losses for the current year are recognized in full in the statement of profit and loss for the period in which they occur.

- ii. Compensated absence: The Company has a scheme to compensate absence for employees. The liability of which is determined on the basis of an actuarial valuation carried out by an independent actuary at the end of the year. The actuarial gains or losses are recognized in full in the statement of profit and loss for the period in which they occur.

- iii. Short term employee benefit: All employee benefits which are wholly due within twelve months of rendering the services are recognized in the period in which the employee renders the related services.



VIII. RESEARCH AND DEVELOPMENT

Revenue expenses incurred on Research and Development are charged off to revenue in the year of incurrence. Fixed assets purchased for Research and Development purposes are capitalized and depreciated as per the Company's Accounting policy.

IX. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains / losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currency as at the year end are recognized in the statement of profit and loss.

X. TAXATION

Tax on income for the current period is determined on the basis of taxable income estimated in accordance with provisions of Income tax Act, 1961. Deferred tax asset is recognized for the future tax consequences of the timing difference between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognized only if there is virtual certainty that they will be realized in future and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantively enacted tax rates.

XI. IMPAIRMENT OF ASSETS

In accordance with Accounting Standard (AS)-28 "Impairment of Assets", where there is an indication of impairment of the company's assets related to cash generating units, the carrying amount of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such asset is estimated as the higher of its realizable value and its value in use. An impairment loss is recognized in the Statement of Profit and Loss whenever the carrying amount of such assets exceeds its recoverable value.

XII. PROVISIONS AND CONTINGENT LIABILITIES

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligations. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

XIII. EARNINGS PER SHARE

Basic earnings per share is arrived at based on net profit after taxation available to the equity shareholders to the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated on the same basis as basic earnings per share after adjusting for the effects of potential dilutive equity shares.

B. NOTES ON ACCOUNTS:

1 Contingent liability to the extent not provided for ` in Lacs

| Particulars | 31.03.2013 | 31.03.2012 |
|---|------------|------------|
| In respect of claims against the company not acknowledged as debt | 7.60 | 7.60 |
| In respect of disputed Service Tax | 116.64 | 116.64 |
| In respect of disputed Income tax | 1.22 | - |

2 Estimated amount of contracts remaining to be executed and not provided for-

- a. On capital account - ` 5.45 lacs /- (previous year: ` 3.72 lacs)
- b. On revenue account (Material contracts for purchase of Raw Materials, stores & service contracts) - ` 84.74 lacs (Previous Year : ` 67.40 lacs)

3 Amount remitted in foreign currency on account of Dividend: ` in Lacs

| Particulars | 31.03.2013 | 31.03.2012 |
|--------------------------------------|------------|------------|
| Number of non resident share holders | 14 | 15 |
| Number of shares held by them | 38,362 | 58,249 |
| Amount of dividend | 1.53 | 1.16 |
| Year for which dividend was remitted | 2011-2012 | 2010-2011 |

(This information pertains to the non-resident shareholders, however dividend is remitted in INR to their NRO Accounts)

- 4 In the opinion of the Board, any of the assets, other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- 5 The company manufactures and deals with a single product, Alloy steel Cast Grinding Media. Also Company's operations are solely situated in India. Hence there are no reportable segments as required by AS - 17 "Segment Reporting" prescribed under the Companies (Accounting Standards) Rules, 2006
- 6 The company has not entered into any non cancelable lease arrangement.



Notes forming part of the Financial Statements (Contd..)

7 Related party disclosures:

| Parties where control exists: | |
|-------------------------------|--|
| Related Party | Relationship |
| AIA Engineering Ltd. | Holding Company Controlled By Bhadresh K. Shah - Director |
| DCPL Foundries Ltd. | Associate (Fellow Subsidiary) |
| Key Managerial Personnel: | |
| Vinod Narain | Chairman |
| Pradip R. Shah | Director |
| Bhadresh K. Shah | Director |
| D P Dhanuka | Director |
| Rajendra S Shah | Director |
| Sanjay Shailesh Majmudar | Director |
| Ashok A Nichani | Director |

`in Lacs

| Transactions with related parties | 2012-13 | | | 2011-12 | | |
|---|-----------------|-------------------|-----------|-----------------|-------------------|-----------|
| | Holding Company | Fellow Subsidiary | Directors | Holding Company | Fellow Subsidiary | Directors |
| Purchases of Goods/Services | 500.03 | 29.23 | - | 458.29 | 826.95 | - |
| Sales of Goods | 20,397.16 | 1,395.17 | - | 17,617.86 | 262.53 | - |
| Purchases of fixed assets | - | - | - | - | - | - |
| Professional charges | - | - | 3.00 | - | - | 3.00 |
| Sitting Fees | - | - | 2.15 | - | - | 1.10 |
| Due from holding/Fellow Subsidiary company as at last date of the financial year against supply / advances for supplies | | 140.02 | | | 150.32 | |
| Due to holding/Fellow Subsidiary company / Directors as at the last date of the financial year against supply / advances for supplies | 380.63 | | 0.71 | 1,176.78 | - | 0.72 |

8 Earnings Per Share:

`in Lacs

| Particulars | 2012-13 | 2011-13 |
|--|----------|----------|
| Net Profit for the Year (` in lacs) | 282.91 | 262.52 |
| Number of Shares | 6,38,161 | 6,38,161 |
| Nominal Value of each Share (in `) | 10/- | 10/- |
| Earnings per Share (Basic and Diluted): (in `) | 44.33 | 41.14 |

9 Disclosure pursuant to Section 22 of "The Micro, Small & Medium Enterprises Development Act 2006" is as follows:

`in Lacs

| Particulars | 2012-13 | 2011-12 |
|--|---------|---------|
| i) Principal amount remaining unpaid at the end of the year | 30.53 | 14.20 |
| ii) Interest accrued at the end of the year | NIL | NIL |
| iii) Interest remaining unpaid, out of above, as at the end of the year | NIL | NIL |
| iv) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act. | NIL | NIL |

Note: This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

10 Figures for the previous reporting period have been recast in line with current year's presentation.



Notes forming part of the Financial Statements (Contd..)

11. As per revised Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting standard are given below :

Employee benefits:

₹. in Lacs

| I. Defined Contribution Plan | For the year ended 31-03-2013 | | For the year ended 31-03-2012 | |
|--|---|---------------|----------------------------------|---------------|
| | Contribution to Defined Contribution Plan, recognized as expense for the year are as under: | | | |
| Particulars | | | | |
| Employer's Contribution to Provident Fund | 24.27 | | 23.92 | |
| Employer's Contribution to Employee State Insurance Scheme | 6.70 | | 8.15 | |
| ii. Defined Benefit plans: | | | | |
| 1. Actuarial assumptions | | | | |
| | Gratuity - Funded | | Leave Encashment - unfunded | |
| | Current Year | Previous Year | Current Year | Previous Year |
| Discount Rate (Per annum) | 8.00% | 8.50% | 8.00% | 8.00% |
| Expected return on plan assets | 9.15% | 9.15% | 0.00% | 0.00% |
| Salary escalation rate | 6.00% | 6.00% | 6.00% | 6.00% |
| Mortality Rate--LIC (1994-96) published table of rates | | | | |
| 2. Reconciliation of present value of obligation | | | | |
| Present value of obligation at the beginning of the year | 147.03 | 143.27 | 27.67 | 24.48 |
| Interest cost | 11.80 | 11.46 | 2.03 | 1.96 |
| Current service cost | 12.77 | 10.10 | 5.73 | 5.02 |
| Actuarial (gain) /Loss | 38.34 | 1.10 | 0.19 | 0.89 |
| Benefits Paid | (16.41) | (18.90) | (4.64) | (4.68) |
| Curtailments | | - | | - |
| Settlements | | - | | - |
| Present value of obligation at the end of the year | 193.53 | 147.03 | 30.97 | 27.67 |
| 3. Reconciliation of Fair value of plan assets | | | | |
| Fair value of plan assets at the beginning of the year | 48.12 | 52.14 | - | - |
| Expected return on plan assets | 4.30 | 4.37 | - | - |
| Actuarial gain / (Loss) | - | 0.41 | - | - |
| Contributions | 14.18 | 10.10 | 4.64 | 4.68 |
| Benefits paid | (16.41) | (18.90) | (4.64) | (4.68) |
| Assets distributed on settlement | - | - | - | - |
| Fair value of plan assets at the end of the year | 50.18 | 48.12 | - | - |
| 4. Net (Assets) / Liability recognized in the balance sheet as at year end | | | | |
| Present value of obligation at the end of the year | 193.53 | 147.03 | 30.97 | 27.67 |
| Fair value of plan assets at the end of the year | 50.18 | 48.12 | - | - |
| Net present value of unfunded obligation recognised as (assets) /Liability in the Balance Sheet. | 143.35 | 98.91 | 30.97 | 27.67 |



Notes forming part of the Financial Statements (Contd..)

₹. in Lacs

| | Current Year | Previous Year | Current Year | Previous Year |
|---|-----------------|------------------|-----------------|------------------|
| 5. Expenses recognised in the statement of profit and loss | | | | |
| Current Service cost | 12.77 | 10.10 | 5.73 | 5.02 |
| Interest cost | 11.80 | 11.46 | 2.03 | 1.96 |
| Expected return on plan assets | (4.30) | (4.37) | 0.00 | - |
| Actuarial (Gain) / Loss recognised in the period | 38.34 | 0.69 | 0.19 | 0.89 |
| Past service cost | | - | - | - |
| Curtailement Cost | | - | - | - |
| Settlement Cost | | - | 1.22 | 0.61 |
| Total Expenses recognised in the profit and loss account for the year | 58.61 | 17.88 | 7.94 | 7.87 |
| Actual return on plan assets | 4.30 | 4.37 | | - |

The above disclosures are based on information certified by the independent acutuary and relied upon by the auditors.

12. Consumption of Raw Materials

₹. in Lacs

| | Current Year | Previous Year |
|------------------------|-----------------|------------------|
| Indigenous - Value | 15,133.75 | 14,557.20 |
| Percentage | 98.08% | 100% |
| Imported | 296.85 | - |
| Percentage | 1.92% | 0.00% |
| CIF Value of Imports : | | |
| Raw Materials | 548.86 | - |

13. Consumption of Stores and Spares

₹. in Lacs

| | Current Year | Previous Year |
|-----------------------|-----------------|------------------|
| Indigenous - Value | 2,413.83 | 1,843.26 |
| Percentage | 99.85% | 99.35% |
| Imported | 3.63 | 12.07 |
| Percentage | 0.15% | 0.65% |
| CIF Value of Imports: | | |
| Stores & spare parts | 3.63 | 13.18 |

For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R. SHAH
ASHOK A. NICHANI
 DIRECTORS

VINOD NARAIN
 Chairman

YASH RAJ
 Chief Financial Officer

As per our Report attached for **DAGLIYA & CO.**
 Chartered Accountants
 (FRN 000671S)

(P MANOHARA GUPTA)
 Partner
 Membership No 16444

Place : Bangalore
 Date : 04-05-2013



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

₹. in Lacs

| | 2012-2013 | 2011-2012 |
|--|-----------------|-----------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AS PER PROFIT & LOSS A/C | 428.66 | 390.68 |
| Adjusted for | | |
| Extraordinary items: | - | |
| Net Profit before tax & extraordinary items | 428.66 | 390.68 |
| Adjustments for : | | |
| Profit on sale of Fixed assets | - | (2.56) |
| Assets written off | - | |
| Prior Year's expenditure | (1.00) | (3.66) |
| Depreciation (net) | 180.39 | 233.01 |
| Interest | 76.67 | 62.86 |
| Operating Profit before working capital changes | 684.72 | 680.33 |
| Adjustments for : | | |
| Increase/(Decrease) Trade & Other Receivable | 583.91 | (365.29) |
| Increase/(Decrease) Inventories | (228.60) | (275.45) |
| (Increase)/Decrease Trade Payable | (18.55) | (47.55) |
| Cash generated from operations | 1,021.48 | (7.96) |
| Direct Taxes paid | (165.86) | (142.64) |
| Cash flow before extraordinary items | 855.62 | (150.60) |
| Extraordinary items | - | - |
| Net Cash flow from Operating Activities | 855.62 | (150.60) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (30.59) | (21.14) |
| Sale of Fixed assets | - | 3.19 |
| Sale of Investments | - | - |
| Net Cash Flow from Investing Activities | (30.59) | (17.95) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayment)/ Proceeds of long term borrowing | | |
| Net increase/(Decrease) in working capital borrowing | (766.03) | 255.76 |
| Interest Paid | (76.67) | (62.86) |
| Dividend Paid | (25.53) | (12.76) |
| Dividend Distribution tax Paid | (4.14) | (2.07) |
| Net Cash Flow from Financing Activities | (872.37) | 178.07 |
| Net (Decrease) / Increase in cash & cash equivalents (A+B+C) | (47.34) | 9.52 |
| Cash & Cash equivalent at the beginning of the year | 101.31 | 91.79 |
| Cash & Cash equivalent at the closure of the year | 53.99 | 101.31 |

For and on behalf of the Board

D.P.DHANUKA
BHADRESH K. SHAH
PRADIP R. SHAH
ASHOK A. NICHANI
DIRECTORS

Place : Bangalore
Date : 04-05-2013

Notes:

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard -3 notified under Companies (Accounting Standards) Rules, 2006.
- Purchase of fixed assets includes movements of capital work-in-progress between the beginning and the end of the year.
- Previous year figure regrouped/recasted wherever necessary.

Place : Bangalore
Date : 04-05-2013

VINOD NARAIN
Chairman

YASH RAJ
Chief Financial Officer

For **DAGLIYA & Co.,**
FRN:000671S
Chartered Accountants
(P.MANOHARA GUPTA)
Partner
M.NO.16444

Welcast Steels Limited

Plot No. 15, Phase I, Peenya Industrial Area, Bangalore - 560 058, India

ATTENDANCE SLIP

| | | | |
|------------|--|-----------------|--|
| DP. ID* | | Regd. Folio No. | |
| Client Id* | | | |

I certify that I am a registered shareholder / Proxy for the registered shareholder of the Company.

I hereby record my presence at the **FORTY FIRST ANNUAL GENERAL MEETING** of the Company held at **THE LALITHASHOK, Kumar Krupa High Grounds, Bangalore – 560 001** at 15.00 hrs on Saturday, the 10th day of August 2013

.....

Member's / Proxy's name in BLOCK Letters

.....

Member's / Proxy Signature

Note : Please fill this attendance slip and hand it over at the entrance of the venue of AGM.

: *Applicable for investors holding shares in electronic form.

Welcast Steels Limited

Plot No. 15, Phase I, Peenya Industrial Area, Bangalore - 560 058, India

FORM OF PROXY

I/We..... of in the district of

..... being a Member/s of Welcast Steels Limited hereby

appoint of..... or failing him

..... of..... as my / our proxy to

attend and vote for me/us on my / our behalf at the **FORTY FIRST ANNUAL GENERAL MEETING** of the Company to be held on Saturday, the 10th day of August 2013 at "THE LALITHASHOK, Kumar Krupa High Grounds, Bangalore – 560 001" at 15.00 hrs and / or at any adjournment(s) thereof.

Signed this day of.....2013.

Signature

| | |
|-----------------|--|
| DP. ID* | |
| Client Id* | |
| Regd. Folio No. | |

Affix a
1 Rupee
Revenue
Stamp

*Applicable for investors holding shares in electronic form.

- Note: (1) The Proxy need not be a member.
(2) This proxy form in order to be effective, should be duly stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Annual General Meeting.



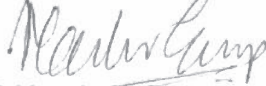
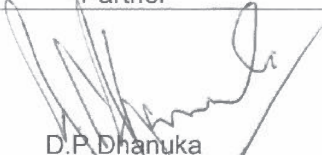
Welcast Steels Limited

Plot No. 15, Phase 1, Peenya Industrial Area, Bangalore - 560 058. INDIA
Phones : (91-80) 28394058, 28394059, 28393162 Fax : (91-80) 28395638



(a)
ANNEXURE TO CLAUSE 31 OF EQUITY LISTING AGREEMENT

FORM 'A'

| | | |
|----|--|--|
| 1. | Name of the Company | Welcast Steels Limited |
| 2. | Annual financial statements for the year ended | 31 st March 2013 |
| 3. | Type of Audit observation | Un-qualified / Matter of Emphasis |
| 4. | Frequency of observation | Whether appeared first time..... / repetitive..... / since how long period..... NIL |
| 5. | Signed by | |
| | - Chief Executive Officer |  V.V.R. Mohana Rao |
| | - Chief Financial Officer |  Yash Raj |
| | - Auditor of the Company | For Dagliya & Co., Chartered Accountants  P. Manohara Gupta Partner |
| | - Audit Committee Chairman |  D.P. Dhanuka |