

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of Nelcast Limited, will be held on Saturday, the 6<sup>th</sup> August 2011 at 10.30 a.m. at P.V.R. Kalyanamandapam, Near R.T.C. Bus Stand, Gudur – 524 101, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the financial year 2010-11.
3. To appoint a Director in place of Mr. D. Sesha Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
 “RESOLVED THAT M/s. J.B. Reddy & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
 “RESOLVED THAT pursuant to the provisions of the Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authority(ies), each of the existing equity shares of face value of Rs. 10/- (Rupees Ten only) in the Share Capital of the Company be sub-divided into 5 (Five) equity shares of face value of Rs. 2/- (Rupees Two only) each.  
  
 RESOLVED FURTHER THAT upon split/sub-division of equity shares as aforesaid, the existing equity shares of the face value of Rs. 10/- each both in physical and dematerialised/electronic form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date (to be decided by the Board of Directors/Committee of Directors) and the Company shall without requiring the surrender of the old share certificate(s) issue and dispatch the sub-divided share certificate(s) for equity shares of face value of Rs. 2/- each to the shareholders holding their share(s) in physical form or credit such equity shares to their respective beneficiary account(s) with their respective depository participants, if those shareholders opt to receive the sub-divided equity shares in dematerialised/electronic form, as the case may be and in case of shareholders holding their share(s) in dematerialised/electronic form, the Company shall, without any act by the shareholders, credit the sub-divided equity shares of face value of Rs. 2/- each into their respective beneficiary account(s) with their respective depository participants.  
  
 RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company be and is hereby substituted with the following:  
 (V) The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 12,50,00,000 (Twelve Crore and fifty lakhs only) Equity Shares of Rs. 2/- (Rupees Two only) each.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include a Committee thereof) be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient, to give effect to the above resolution including but not limited to filing of necessary forms with the Registrar of Companies and other deeds/ documents /writings as may be required by depositories / stock exchanges, issue of new share certificates representing the sub-divided equity shares with new distinctive numbers and / or crediting the shareholders' dematerialisation account maintained by them with their respective depositories, subject to the provisions laid down under the Companies (issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to delegate all or any of the powers herein vested, to the Officials of the Company, to give effect to the aforesaid resolution and for any matters connected herewith or incidental hereto."

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

"RESOLVED THAT Mr. S. Radhakrishnan who was appointed by the Board of Directors as an Additional Director of the Company with effect from 17<sup>th</sup> January 2011 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the payment of remuneration during his term of office by way of commission at 5% p.a. of the Net Profit of the Company to Mr. P. Radhakrishna Reddy, Chairman as approved at the meeting of the Board of Directors of the Company and recommended by the Remuneration Committee.

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any and subject to such approvals as may be required, including from Central Government, the consent of the Company be and is hereby accorded to the appointment of Mr. S. Radhakrishnan as Managing Director of the Company for a period of three years from 17<sup>th</sup> January 2011 to 16<sup>th</sup> January 2014 and for the payment of remuneration, allowances and perquisites as detailed below and as approved at the meeting of the Board of Directors and recommended by the Remuneration Committee."

Period	:	3 Years from 17.01.2011 to 16.01.2014.
Salary	:	Basic Salary of Rs.4,00,000/- per month. Special Allowance of Rs. 1,00,000/- per month.

**Perquisites:**

(i) Housing:

Either

Free furnished residential accommodation, owned or leased out by the Company.

Or

House Rent Allowance subject to a ceiling of 30% of the Salary.

- (ii) Medical Reimbursement: Reimbursement of expenses incurred for self and family including premium for medical insurance.
- (iii) Leave Travel Concession: Leave Travel Concession once in a year, incurred in accordance with the rules of the Company.
- (iv) Personal Accident Insurance: Personal Accident insurance – Premium shall not exceed Rs.10,000/-.
- (v) Contribution to funds: Company's contribution towards Provident Fund and Superannuation Fund will be as per the scheme of the Company. Gratuity as per the rules of the company, not exceeding half a month's salary for each completed year of service.
- (vi) Earned Leave: On full pay and allowances as per rules of the company, but not exceeding half a month's salary per year.
- (vii) Car shall be provided for use on company's business and telephone at residence.
- (viii) Fees of Club allowed for one club.
- (ix) One time joining bonus of Rs. 28.47 lacs is payable on joining the Company.
- (x) In the case of any separation in the agreement during this tenure of three years insisted by the Company, 12 months salary needs to be paid as compensation.

A special incentive of Rs. 35 lacs per annum shall also be paid.

Increment of not exceeding Rs. 25 lacs may be paid during his tenure of three years.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid a minimum remuneration as specified above.

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, 316, Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any and subject to such approvals as may be required, including from Central Government, the consent of the Company be and is hereby accorded to the re-appointment of Mr. P. Vijaya Bhaskar Reddy as Deputy Managing Director of the Company for a period of three years from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014 and for the payment of his remuneration, allowances and perquisites as detailed below and as approved at the meeting of the Board of Directors and recommended by the Remuneration Committee."

Period : 3 Years from 01.04.2011 to 31.03.2014.  
Salary : Basic Salary of Rs.3,00,000/- per month.  
Special Allowance of Rs. 50,000/- per month.

**Perquisites:**

(i) Housing:

Either

Free furnished residential accommodation, owned or leased out by the Company.

Or

House Rent Allowance subject to a ceiling of 30% of the Salary.

- (ii) Medical Reimbursement: Reimbursement of expenses incurred for self and family including premium for medical insurance.
- (iii) Personal Accident Insurance: Personal Accident insurance – Premium shall not exceed Rs.10,000/-.
- (iv) Contribution to funds: Company's contribution towards Provident Fund and Superannuation Fund will be as per the scheme of the Company. Gratuity as per the rules of the company, not exceeding half a month's salary for each completed year of service.
- (v) Car shall be provided for use on company's business and telephone at residence.
- (vi) Fees of Club allowed for one club.

A special incentive of Rs. 24 lacs per annum shall also be paid.

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

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the Dy. Managing Director shall be paid a minimum remuneration as specified above.

Place : Chennai  
Date : 20<sup>th</sup> June 2011

**By Order of the Board**

**S.K. Sivakumar**

*Chief Financial Officer &  
Company Secretary*

***Registered Office***

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

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING), IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Sundays, between 11 a.m. and 1 p.m. up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from 1<sup>st</sup> August 2011 to 6<sup>th</sup> August 2011 (both days inclusive).
9. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s. Bigshare Services Pvt. Ltd., Mumbai, immediately of:
  - (a) The change in the residential status on return to India for permanent settlement.
  - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.
10. **Re-appointment of Directors:**

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



**Details of director seeking re-appointment at the Annual General Meeting  
(In pursuance to clause 49 of the Listing Agreement)**

Mr. D. Sesha Reddy, aged about 70 years is a Non-Executive Independent Director of the Company. An arts graduate and one of the leading industrialists in Nellore and has wide experience in Industrial field. Mr. D. Sesha Reddy is on the Board of Nelcast Limited since its inception. He is also in the board of Dodla Dairy Ltd.

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

Directorship	Committee Membership
Dodla Dairy Ltd	Nil

**Annexure to the Notice**

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

**Item No. 5**

The Equity Shares of the Company are currently listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The shares are actively traded on BSE and NSE. The sub-division of equity shares has been proposed with a view to broad base the investor base by encouraging the participation of the retail investors and also with a view to increase the liquidity of the Equity Shares of the Company. The Board of Directors at its meeting held on 20<sup>th</sup> June 2011, recommended sub-division (split the face value) of equity share of the Company of face value of Rs. 10/- each into 5 (five) equity shares of the face value of Rs. 2/- each. It is expected that this sub-division of shares will result in to higher volume of transactions at the Stock Markets.

The approval of the Members of the Company is being sought to the above sub-division pursuant to the provisions of Section 94 of the Companies Act, 1956 (the "Act") read with Articles of Association of the Company. In the event of the Members approving the sub-division of the Company's equity shares, the existing capital clause of the Memorandum of Association of the Company needs to be suitably amended pursuant to Section 16 of the Act to reflect the aforesaid subdivision. Hence, the resolution at Item No. 5 of the Notice requires your approval.

The record date on which the sub-division would become effective, will be as decided by the Board/Committee of Directors and the same would be communicated to the Stock Exchanges and the Depositories.

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

Memorandum of Interest:

None of the Directors of the Company is in any way interested in the resolution, except to the the extent of their shareholding and the shareholding of their relatives in the Company.

**Item No. 6**

The Board of Directors of the Company at their Meeting held on January 17, 2011, appointed Mr.S. Radhakrishnan as Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office till the ensuing Annual General Meeting. It is proposed to appoint him as Director of the Company not liable to retire by rotation for which notice has been received from a Member under Section 257 of the Companies Act, 1956. Brief profile of the proposed appointee is given below:

In terms of Clause 49 (IV)(G) of the Listing Agreement, shareholders may also note as under:

Mr. S. Radhakrishnan, aged about 48 years, a Graduate in Mechanical Engineering from University of Madras with specialization in Industrial Engineering & Welding Technology. He has also done his Certificate/ Post Diploma in International Trade from Indian Institute of Materials Management and Certificate in Strategic/ General Management from Beijing Modern Management Technology Exchange Center. He has about 25 years of wide experience in different areas and specialization in the areas of Global Sourcing, Business Development, Management of Procurement, Quality Assurance etc. He worked as a Sr. Director in M/s. Arvin Meritor Inc., with Asia Pacific responsibility and at various capacities in M/s. Volvo India Pvt Ltd, M/s. Larsen & Toubro Ltd and M/s. Binny Ltd.

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

Memorandum of Interest:

None of the Directors is interested in the resolution except Mr. S. Radhakrishnan.

**Item No. 7**

Upon the Remuneration Committee's recommendation, the Board of Directors of the Company at their Meeting held on June 20, 2011, have approved payment of remuneration to Mr. P. Radhakrishna Reddy, the Chairman of the Company at 5% p.a. of the net profits of the Company.

Taking in to account the significant contribution made by Mr. P. Radhakrishna Reddy, Chairman to the progress and development of the Company and in order to avail his vast experience and expertise for growth of business further, the board of directors of the company felt it is necessary to remunerate Mr. P. Radhakrishna Reddy, Chairman for his contribution made to the Company.

This payment of remuneration is subject to approval of shareholders.

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

Memorandum of Interest:

None of the Directors is interested in the resolution except Mr. P. Radhakrishna Reddy.

This may be treated as an abstract of appointment and remuneration payable to Mr. P. Radhakrishna Reddy, Chairman, pursuant to Section 302 of the Companies Act 1956.

**Item No. 8**

The Board of Directors of the Company at their Meeting held on January 17, 2011, have appointed Mr. S. Radhakrishnan, as Managing Director of the Company for a period of three years with effect from 17<sup>th</sup> January 2011.

In terms of the provisions of Sec. 269 read with Schedule XIII of the Companies Act, 1956 the appointment of Managing Director is subject to the approval of members at the General Meeting of Company. In light of the said provisions, you are requested to accord your approval to the appointment of Mr. S. Radhakrishnan as Managing Director.

In terms of Clause 49 (IV)(G) of the Listing Agreement, shareholders may also note as under:

As given in the Explanatory Statement Item No.6.

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

Directorship	Committee Membership
Nil	Nil

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

Memorandum of Interest:

None of the Directors is interested in the resolution except Mr. S. Radhakrishnan.

**Item No. 9**

Mr. P. Vijaya Bhaskar Reddy – Dy. Managing Director has been holding office since 1<sup>st</sup> April 2008 and in terms of his appointment, it expired on 31<sup>st</sup> March 2011.

The Remuneration Committee at its meeting held on 17<sup>th</sup> January 2011 and the Board of Directors at its meeting held on 17<sup>th</sup> January 2011 has re-appointed Mr. P. Vijaya Bhaskar Reddy as Deputy Managing Director for the further period of three years effective from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014 on revised remuneration.

In terms of the provisions of Sec. 269 read with Schedule XIII of the Companies Act, 1956, the appointment of, Dy. Managing Director is subject to the approval of members at the General Meeting of Company. In light of the said provisions, you are requested to accord your approval to the appointment of Mr. P. Vijaya Bhaskar Reddy as Dy. Managing Director on revised terms and conditions.

In terms of Clause 49 (IV)(G) of the Listing Agreement, shareholders may also note as under:

Mr. P. Vijaya Bhaskar Reddy, aged 55 years has been with the Company since its inception and grown in the ranks to become Dy. Managing Director. He is a graduate in Law and a Member of the Institute of Chartered Accountants of India. Previously he was employed with M/s. Pennar Steels Limited as Accounts Officer. He has around 30 years of experience in finance and accounts and also in business management.

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

Directorship	Committee Membership
NC Energy Ltd	Nil

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

Memorandum of Interest:

None of the Directors is interested in the resolution except Mr. P. Vijaya Bhaskar Reddy.

Place : Chennai

Date : 20<sup>th</sup> June 2011

**By Order of the Board**

**S.K. Sivakumar**

*Chief Financial Officer &  
Company Secretary*

**Registered Office**

No.34, Industrial Estate

Gudur, Andhra Pradesh - 524 101



## **Board of Directors**

**P. RADHAKRISHNA REDDY**  
*Chairman*

**S. RADHAKRISHNAN**  
*Managing Director*

**R. MOHAN REDDY**  
*Director*

**D. SESA REDDY**  
*Director*

**A. BALASUBRAMANIAN**  
*Director*

**P. VIJAYA BHASKAR REDDY**  
*Deputy Managing Director*

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

### **Auditors**

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

### **Bankers**

State Bank of India  
IDBI Bank Ltd.  
Kotak Mahindra Bank Ltd.

### **Registered Office & Works**

34, Industrial Estate  
Gudur - 524 101

### **Ponneri Works**

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

### **Administrative Office**

159, T.T.K. Road  
Alwarpet, Chennai - 600 018  
Phone : +044 - 2498 3111  
Fax : +044 - 2498 2111  
E-Mail : [nelcast@nelcast.com](mailto:nelcast@nelcast.com)  
Website : [www.nelcast.com](http://www.nelcast.com)



# Annual Report 2010 - 11

Annual  
Report  
2010 - 11

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## DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Ninth Annual Report along with the Audited Accounts for the financial year ended 31st March 2011:

### PERFORMANCE

#### FINANCIAL RESULTS

	2010-11	2009-10
	<i>(Rupees in Lakhs)</i>	
Net Sales	<b>50,740.71</b>	31,960.79
PBIDT	<b>14,381.33</b>	2,311.01
Profit Before Taxes (PBT)	<b>12,920.12</b>	999.01
Less: Provision for Taxes	<b>4,228.55</b>	309.32
Profit After Taxes (PAT)	<b>8,691.57</b>	689.69
Less: Prior Year Adjustments	<b>2.19</b>	0.63
Add: Profit brought forward from previous years	<b>2,149.07</b>	1,825.37
Profit Available for appropriation	<b>10,838.45</b>	2,514.43
Special Dividend on Equity Shares	<b>2,088.03</b>	–
Dividend Tax on Special Dividend	<b>346.80</b>	–
Final Dividend on Equity Shares	<b>522.00</b>	261.00
Dividend Tax on Final Dividend	<b>86.70</b>	44.36
Transfer to General Reserve	<b>5,000.00</b>	60.00
Surplus Carried to Balance Sheet	<b>2,794.92</b>	2,149.07

#### DIVIDEND

Your Directors recommend a dividend of 30% (Rs.3.00 per share) for the financial year 2010-11 against 15% (Rs. 1.50 per share) of previous year. During the year, the Company has already declared and paid a special silver jubilee dividend of Rs. 12.00 per share, thereby the total dividend for the year amounts to Rs. 15/- per share.

#### OPERATIONS

During the year, the Company recorded Net Sales of Rs.507.40 crores as against Rs.319.61 crores in 2009-10 registering a growth of 59%. Profit Before Tax (excluding extra-ordinary items) increased to Rs. 20.43 crores during the year 2010-11 from Rs. 9.99 crores in 2009-10 representing an increase of 104%. The production during the year was 76734 MT, compared to the previous year's 60761 MT.

Buoyancy in the domestic market especially in the Automobile sector helped the Company to achieve this excellent growth. The Company has utilized the full opportunity available in the market and registered substantial growth both in Turnover & Profit.

#### EXTRA-ORDINARY ITEM

During the year the company has made a substantial profit after tax of Rs. 75.09 Cr due to sale of shares held in Nelcast Energy Corporation Ltd. This extra-ordinary item has helped the Company to increase its net worth substantially.

#### OUTLOOK

The Indian economy is strongly on track and expected to grow continuously. The Company is expected to maintain a steady growth and use the opportunity available in the Automobile industry. The combination of effective manufacturing costs with good quality systems would give an edge to the Company in terms of pricing and quality.

## **DIRECTORS' REPORT – (Contd.)**

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an Audit Committee to oversee the Company's financial reporting process, disclosure of financial information, related party transactions, and internal control system etc. The Company has well defined internal control systems which aim at better efficiency of operations, compliances with legal obligations and Company's policies and procedures.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Company has prepared Consolidated Financial Statements of Nelcast Ltd and its subsidiary Nelcast USA Inc as at March 31, 2011, in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India. As required by Clause 41 of the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are circulated with the Annual Report.

### **QUALITY AND CUSTOMER SATISFACTION**

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

The Company has been receiving continuous support from its customers like Tata Motors, Ashok Leyland, TAFE, Mahindra & Mahindra, VE Commercial, ITL etc., and in exports Arvin Meritor, Dobbie Dico, Danfoss and ZF Industries. The Company is closely working with all customers in terms of new product development, improvement in quality levels etc. to meet the expectation of customers.

### **DEPOSITS**

The Company has accepted public deposits during the year. Its deposits as at 31<sup>st</sup> March 2011 stand at Rs.115.31 lakhs.

### **DIRECTORS**

Mr. D. Sessa Reddy, is due to retire by rotation and being eligible offers himself for re-appointment.

During the year Mr. S. Radhakrishnan has been appointed as Additional Director of the Company and he would hold office till the date of the ensuing Annual General Meeting. The Company has received a notice from a shareholder signifying his intention to propose the appointment of Mr. S. Radhakrishnan as Director of the Company at the ensuing Annual General Meeting. He has also been appointed as Managing Director of the Company in the Board Meeting held on 17.01.2011.

### **DIRECTORS RESPONSIBILITY STATEMENT**

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

We confirm that:

- In the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March 2011, all the applicable Accounting Standards had been followed.
- Such Accounting Policies have been selected and applied consistently supported by management judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.

## **DIRECTORS' REPORT – (Contd.)**

- Proper and sufficient care had been taken for the maintenance of adequate Accounting Records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Accounts for the year ended 31<sup>st</sup> March 2011 have been prepared on a “going concern basis”.

### **CORPORATE GOVERNANCE**

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

### **AUDITORS**

Your Company's Auditors, M/s. J.B.REDDY & CO., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and they have consented to be re-appointed for the financial year 2011-12. The Company has received a letter from M/s. J.B.REDDY & CO., stating that their appointment as auditors, if made, would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

### **INDUSTRIAL RELATIONS**

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

### **PARTICULARS OF EMPLOYEES**

Information required as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rule 197, as amended from time to time is given in the Annexure.

### **DISCLOSURE OF PARTICULARS**

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

### **ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board**

Date : 13th May 2011  
Place: Chennai

**P. Radhakrishna Reddy**  
Chairman

**Directors' Report – Annexure I**

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

**A. CONSERVATION OF ENERGY:**

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

**B. TECHNOLOGICAL ABSORPTION :**

- |  |                |
|--|----------------|
| (e) Efforts made in technology absorption. | NOT APPLICABLE |
|--|----------------|

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

- |   |  |
|---|--|
| (f) Activities relating to export initiatives taken to increase, development of new export markets. | Ongoing marketing campaign in the US is expected to yield results in the coming years. |
| (g) Total Foreign Exchange Used.  | Rs. 635.76 Lakhs   |
| Total Foreign Exchange Earned.  | Rs. 888.19 Lakhs   |

**Directors' Report – Annexure II**

**Statement of Particulars of Employees pursuant to Sec 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for financial year ended 31<sup>st</sup> March 2011.**

Name	Age	Designation	Remuneration in Rs.	Qualification/ Experience	Date of Employment	Previous Employment, Designation
Mr. S. Radhakrishnan *	48	Managing Director	67,45,161	B.E., Post Dip. in Intl. Trade/ 25 yrs.	18.11.2010	Sr. Director – Arvin Meritor Inc
Mr. P. Vijaya Bhaskar Reddy	55	Dy. Managing Director	63,36,000	B.Com., B.L., F.C.A. / 30 yrs.	01.07.1983	Accounts Officer – Pennar Steels Ltd.

\* Employed for part of the year.

**For and on behalf of the Board**

Date : 13th May 2011  
Place : Chennai

**P. Radhakrishna Reddy**  
Chairman



### Directors' Report – Annexure III

#### Statement pursuant to Section 212 of the Companies Act, 1956

Relating to the Company's interest in Subsidiary Company:

1.	Name of the Subsidiary	Nelcast USA Inc.,
2.	The financial year of the subsidiary Companies ended on	31.03.2011
3.	Extent of Interest of the Holding Company at the end of the financial year of the Subsidiary	100%
4.	Net aggregate amount of Profit (Loss) of the subsidiary as far as they concern the members of Nelcast Limited	
	(i) For the Financial year of Subsidiary	
	(a) Dealt with in the accounts of the Holding Company	NIL
	(b) Not Dealt with in the accounts of the Holding Company	NIL
	(ii) For the Previous Financial years of Subsidiary	
	(a) Dealt with in the accounts of the Holding Company	NIL
	(b) Not Dealt with in the accounts of the Holding Company	NIL
5.	As the Financial year of the Subsidiary Company Coincides with that of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable	

**Note:** The figures in US Dollars as per the Audited Financial Statements of the Subsidiary have been converted at Rs. 44.65/ US \$. The Annual Accounts of the subsidiary company has been kept at Registered Office & Corporate Office of the Company for inspection by shareholders.

**For and on behalf of the Board**

Date : 13th May 2011  
Place : Chennai

**P. Radhakrishna Reddy**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

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

### 2. Board of Directors

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

#### **Composition of the Board of Directors:**

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

The Board comprises of three executive directors and three non-executive directors, of whom all are independent directors. All non-executive independent directors are persons of eminence and bring a wide range of expertise and experience to the Board.

#### **Board Meetings:**

During the financial year, meetings of the Board of Directors were held on 30th May 2010, 24th July 2010, 30th October 2010 and 17th January 2011.

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

Name of the Director	Board Meeting	Annual General Meeting
Mr. P. Radhakrisna Reddy	2	Not Attended
Mr. R. Mohan Reddy	3	Attended
Mr. D. Sesha Reddy	4	Attended
Mr. P. Vijaya Bhaskar Reddy	4	Attended
Mr. A. Balasubramanian	4	Attended
Mr. S. Radhakrishnan *	1	N.A

\* Appointed as an Additional Director w.e.f January 17, 2011.

Directors' Membership as on March 31, 2011 in the Board or Committees thereof:

Name of the Director	Other Boards	Other Board Committees
Mr. P. Radhakrisna Reddy	2	None
Mr. P. Vijaya Bhaskar Reddy	1	None
Mr. R. Mohan Reddy	1	3
Mr. D. Sesha Reddy	1	None
Mr. A. Balasubramanian	1	1
Mr. S. Radhakrishnan	Nil	Nil

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 3. Audit Committee

#### Terms of Reference:

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

- Review of the Company's financial reporting process and its financial statements
- Compliance with Accounting Standards and changes in accounting policies and practices
- Quarterly results of the Company
- Review of the Internal Control and internal audit systems
- Review of the Audit Report / Work of External Auditors
- Review of risk management policies and practices
- Recommend appointment of Statutory Auditors
- Review of Related Party Transactions
- Other matters as set out in the listing agreement

The Audit Committee comprises Shri. A. Balasubramanian (Chairman), Shri. R. Mohan Reddy (Independent Director), Shri. D. Sessa Reddy (Independent Director), Shri. P. Vijaya Bhaskar Reddy and Shri. S. Radhakrishnan #. There were four meetings held during the year. The dates of the meetings are as follows:

30th May 2010, 24th July 2010, 30th October 2010 and 17th January 2011.

Name of the Member	No. of Audit Committee Meetings attended
Mr. R. Mohan Reddy	3
Mr. D. Sessa Reddy	4
Mr. A. Balasubramanian	4
Mr. P. Vijaya Bhaskar Reddy	4

# Mr. S. Radhakrishnan has been appointed as member of the Audit Committee only from 17th January 2011.

### 4. Remuneration Committee

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

Particulars of sitting fees paid to non-executive directors during the financial year 2010-11:

Name of the non-executive directors	Sitting Fee Rs.
Mr. R. Mohan Reddy	80,000
Mr. D. Sessa Reddy	1,00,000
Mr. A. Balasubramanian	1,00,000

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**Wholetime Directors**

Details	Managing Director Rs.	Dy. Managing Director Rs.
Remuneration	52,45,161	63,36,000

**5. Shareholders / Investors Grievance Committee**

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

**Number of pending share transfers**

As on March 31, 2011, there were no share transfers pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

**Compliance Officer:**

S.K. Sivakumar  
Chief Financial Officer & Company Secretary  
159, TTK Road, Alwarpet, Chennai – 600 018.  
Ph: 91 44 249831111 Fax: 91 44 249821111  
E-mail: sivakumar@nelcast.com

Number of Shareholder complaints received & resolved during the year 2010-11: 10

No. of pending complaints as on 31.03.2011: - Nil -

**6. General Body Meetings**

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

Year	Location	Date	Time
2009-10	DNR Community Hall, ICS Road, Gudur-524101	24.07.2010	10.30 am
2008-09	DNR Community Hall, ICS Road, Gudur-524101	25.07.2009	10.30 am
2007-08	DNR Community Hall, ICS Road, Gudur-524101	31.05.2008	10.30 am

**ii. Special Resolutions passed in the previous 3 AGMs:**

Year	Subject Matter of Special Resolution	Date of AGM
2009-10	Nil	24.07.2010
2008-09	Appointment of Mr. P. Deepak, to hold an office or place of profit as “Manager – Strategy and Planning” under sec. 314(1) & 314(1) (B).	25.07.2009
2007-08	Nil	31.05.2008

**iii. Special Resolutions passed last year through Postal Ballot:**

No resolutions have been passed through postal ballot last year.

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

### 7. Disclosures

The related party transactions during the year ended 31<sup>st</sup> March 2011 are disclosed in the report. There are no materially significant related party transactions made by the Company with its promoters and subsidiaries. The Register of Contracts with Directors are being maintained by the Company.

### 8. Means of Communication

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

### 9. General Shareholder Information

Registered Office	34, Industrial Estate, Gudur – 524 101, Andhra Pradesh. Phone No.: 91 8624 251266, Fax No.: 91 8624 252066	
Annual General Meeting	Date and Time : 06.08.2011 & 10.30 a.m. Venue: P. V. R. Kalayanamandapam, Near R.T.C. Bus stand, Gudur - 524101, Andhra Pradesh.	
Financial Year	1st April 2010 to 31st March 2011	
Financial Calendar (Tentative)	<ul style="list-style-type: none"> <li>• Results for the quarter ending 30th June 2011 – 2nd week of August 2011.</li> <li>• Results for the quarter and half year ending 30th September 2011 – 2nd week of November 2011.</li> <li>• Results for the quarter and nine months ending 31st December 2011 – 2nd week of February 2012.</li> <li>• Results for the year ending 31st March 2012 – by May 2012.</li> </ul>	
Date of Book Closure	1st August 2011 to 6th August 2011 (both days inclusive).	
Dividend Payment Date	Within 30 days from 6th August 2011.	
Listing of Stock Exchanges	<b>Name of Exchange</b>	<b>Stock Code</b>
	1. Bombay Stock Exchange Limited, (BSE) P J Towers, Dalal Street, Mumbai – 400 001.	532864
	2. National Stock Exchange of India Limited, (NSE) Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051.	NELCAST
ISIN	INE189I01016	
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both stock exchanges above for the financial year 2011-12.	

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**Market price data: High, Low during each month in the financial year 2010-11:**

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 10	97.80	70.90	97.45	70.70
May 10	84.40	67.00	85.45	61.30
June 10	81.80	67.05	81.60	67.00
July 10	82.95	71.05	84.40	68.20
August 10	89.00	73.20	89.00	71.30
September 10	107.80	74.00	107.90	74.25
October 10	118.40	89.70	118.90	92.60
November 10	104.60	67.00	104.00	65.50
December 10	100.30	73.25	98.45	72.00
January 11	136.80	82.00	137.40	81.10
February 11	90.85	74.60	90.45	74.50
March 11	105.35	77.40	104.95	75.70

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

Month	BSE		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 10	97.80	70.90	18047.86	9901.99
May 10	84.40	67.00	17536.86	11682.99
June 10	81.80	67.05	17919.62	14265.53
July 10	82.95	71.05	18237.56	13400.32
August 10	89.00	73.20	18475.27	14784.92
September 10	107.80	74.00	20267.98	15398.33
October 10	118.40	89.70	20854.55	15896.28
November 10	104.60	67.00	21108.64	15404.94
December 10	100.30	73.25	20552.03	16601.20
January 11	136.80	82.00	20664.80	18038.48
February 11	90.85	74.60	18690.97	17295.62
March 11	105.35	77.40	19575.16	17792.17

## REPORT ON CORPORATE GOVERNANCE – (Contd.)

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

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

### Distribution of shareholding within various categories (as on 31st March 2011)

No. of Equity Shares held	No. of Shareholders	% of Share Holders	No. of Shares	% of Share holding
1 – 500	16,303	96.28	14,90,769	8.57
501 – 1000	332	1.96	2,65,011	1.52
1001 – 2000	145	0.86	2,21,050	1.27
2001 – 3000	37	0.22	93,956	0.54
3001 – 4000	21	0.12	74,778	0.43
4001 – 5000	21	0.12	99,861	0.57
5001 – 10000	33	0.19	2,43,831	1.40
10001 and above	41	0.25	1,49,10,984	85.70
<b>Total</b>	<b>16,933</b>	<b>100.00</b>	<b>1,74,00,240</b>	<b>100.00</b>

### Shareholding Pattern as on 31.03.2011

Category	No. of Shares held	% to Total
Promoter & Promoter Group	1,23,60,671	71.04
Mutual Funds/ UTI	91,719	0.53
Foreign Institutional Investors	6,078	0.03
Bodies Corporate	6,68,331	3.84
Individuals	32,48,434	18.67
Directors	3,78,394	2.17
Clearing Members	16,265	0.09
Trust	3,61,020	2.07
NRI	1,23,728	0.71
Employees	1,45,600	0.85
<b>Total</b>	<b>1,74,00,240</b>	<b>100.00</b>

**REPORT ON CORPORATE GOVERNANCE – (Contd.)**

**Dematerialization of Shares and liquidity :** Shares of the Company can be held and traded in electronic form. 100% of the total equity capital is held in dematerialized form with NSDL & CDSL as on 31.03.2011.

**Plant Locations:**

**Gudur Units**

No. 34 & No. 9, Industrial Estate,  
Gudur, Andhra Pradesh – 524 101  
Phone: 08624 – 251266 / 251766  
Fax: 08624 – 252066

**Ponneri Unit**

Madhavaram Village, Amur Post, Ponneri - 601 204.  
Phone: 044 – 27974165 / 27971506  
Fax: 044 - 27973620

**Address for Correspondence:**

159, TTK Road, Alwarpet, Chennai – 600 018.  
Ph: 044 – 2498 3111  
Fax: 044 – 2498 2111  
E-mail: nelcast@nelcast.com  
www.nelcast.com

**NON-MANDATORY REQUIREMENTS**

**(a) Remuneration Committee:**

The Company has a remuneration committee.

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

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

**CEO/CFO Certification:**

Mr. S. Radhakrishnan, CEO and Mr. S.K. Sivakumar, CFO have furnished the certificate as per the requirement of Clause 49 (V) of the Listing Agreement.

**Compliance Certificate of the Auditors:**

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

**Declaration – Code of Conduct**

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

Date : 13th May 2011  
Place: Chennai

**S. Radhakrishnan**  
*Managing Director*



## **Auditors' Certificate regarding compliance of conditions of Corporate Governance**

### **To The Members of Nelcast Limited**

We have examined the compliance of the conditions of Corporate Governance by Nelcast Ltd, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

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

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments

In the Indian economy, automotive industry occupies a prominent place and has a strong multiplier effect and is capable of being the driver of economic growth. With India being growing automotive market, the automotive sector is one of the prime drivers of the Indian economy. India has emerged as one of the favorite investment destinations for automotive manufacturers in recent times. Global auto majors are investing to tap the growing demand in India. Despite the economic downturn two years back the Indian economy has managed to remain stable. Indian GDP grew by 8.20% in the year 2010-11. This growth will sustain for some more time and the industries will register further growth in the coming year.

### Opportunities & Threats

The Company has got excellent opportunities and good potential for growth, both in domestic and export markets and intends to expand its product base, to cater to other segments such as Earth Moving Equipments and Trailers. The Company is also planning to enter into niche market to put itself in to a leadership position in the industry. The Company faces stiff competition with new foundries being established and with the players in the un-organised sector. Further instability in the prices of metals and other inputs is perceived as a threat.

### Segment wise Performance

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

### Outlook

The Indian economy is strongly on track and is expected to grow even higher. The business environment is expected to be growth-oriented, but volatile as well. The Company is likely to maintain a steady growth oriented performance both in terms of top line and bottom line. The Company will focus its strength to develop new products in the niche market which will result in enhancing its margin. The combination of effective manufacturing costs along with quality systems would give an edge to the Company pricing and quality. Your Company will continue to focus on expanding export market and developing new products for Original Equipment Manufacturers.

### Risks & Concerns

The Company operates in an environment which is affected by various risks, some of which are controllable while some are outside the control of the Company. However the Company has been taking appropriate measures to overcome the risks. Some of the risks that are potentially significant in nature and need careful monitoring are Raw Materials prices, Foreign currency risks, cyclical nature of industry etc. The demand for automobiles has a significant impact on the demand and prices of



## MANAGEMENT DISCUSSION AND ANALYSIS – (Contd.)

products manufactured by the Company. A fall in the demand or prices would adversely impact the financial performance of the Company.

### **Internal Control Systems and their Adequacy**

The Company has proper and adequate systems of internal controls so as to safeguard its assets, employees and to keep check and control costs. The Management and Audit Committee of the Board periodically review the reports and recommendations.

### **Discussion on Financial Performance with Respect to Operational Performance**

During the year, the Company recorded Net Sales of Rs.507.40 crores as against Rs.319.61 crores in 2009-10 registering a growth of 59%. Profit Before Tax (excluding extra-ordinary items) increased to Rs. 20.43 crores during the year 2010-11 from Rs. 9.99 crores in 2009-10 representing an increase of 104%. The production during the year was 76734 MT, compared to the previous year's 60761 MT.

The Board has recommended a dividend of Rs.3 per share (being 30% on the par value per equity share). The Company continuously putting its efforts to meet price pressure from OEMs and improve its productivity.

### **Material Development in Human Resources/ Industrial Relations Front**

The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. The Company continues to maintain its record on industrial relations. The Company believes that human resources are its most valuable assets and is thus committed to the welfare of its employees and their families. Systematic training is given at all levels to improve the knowledge and skill level of its employees.

### **Health, Safety and Environment**

The Company ensures protection and up-gradation of the environment by adopting safe processes and by eliminating hazardous operations. During the year the Company has been awarded certification for conformance to ISO 14001 & 18001 for Environmental Management Systems. The Company adheres to applicable environmental regulations and practices.

### **Cautionary Statement**

The above mentioned statements are only “forward looking statements” based on certain assumptions/ expectations and current scenario and the input available. Any extraneous developments and force majeure conditions may have an impact on the above perceptions.

**AUDITORS' REPORT**

**J. B. REDDY & Co.,**  
Chartered Accountants

Ph: 23736593, 23756229  
206, 2nd Floor, Srinilaya Estate,  
Ameerpet,  
HYDERABAD –500 073

Date: 13.05.2011

To  
**THE MEMBERS OF  
NELCAST LIMITED**

1. We have audited the attached Balance Sheet of NELCAST LIMITED, as at 31<sup>st</sup> March, 2011, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
  - (a) We have obtained all the information and explanation, 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 the books of the Company;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - (d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with all the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

**AUDITORS' REPORT – (Contd.)**

- (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, in our opinion, none of the Directors are disqualified from being appointed as Director under Section 274(1)(g) of Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts, 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: -
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

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

**A.V.REDDY**  
Partner.

Membership No. 23983  
Firm Regn. No. 003256S

## ANNEXURE TO THE AUDITORS' REPORT

**(This is the Annexure referred to in our Report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) All fixed assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of substantial fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weaknesses have been noticed in the internal controls in these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public. In our opinion, the directives issued by the Reserve Bank of India and the provisions of sections 58 A and 58 AA or any other relevant provisions of the Act and the rules framed there under, where applicable have been complied with.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities.

**ANNEXURE TO THE AUDITORS' REPORT – (Contd.)**

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty, Excise Duty, Service Tax, and Cess were in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and on the basis of information and explanations given to us, there are no dues of Sales-tax, Income-tax, Customs Duty, Wealth tax, Excise Duty, Service Tax, Cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses and as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to the Financial Institutions or Banks or Debenture holders.
- (xii) The Company has not granted any loans or advance on the basis of security by the way of pledge of shares, debentures or other securities.
- (xiii) In our opinion, the Company is not a chit fund, or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) In our opinion, term loans were applied for the purpose for which the said loans were obtained.
- (xvii) The funds raised on short-term basis have not been used for long-term Investment and whereas part of long-term funds were used for working capital requirement of the Company.
- (xviii) The Company has not made, during the year, any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures and hence creation of Securities for debentures does not arise.
- (xx) As per the checks carried out by us, no fraud on or by the Company has been noticed or reported during the year under report.

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

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

## ACCOUNTS

**BALANCE SHEET**

S.No	PARTICULARS	SCHEDULE	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>				
<b>1</b>	<b>Shareholders Funds :</b>			
a)	Share Capital	<b>A</b>	<b>17,40,02,400</b>	17,40,02,400
b)	Reserves & Surplus	<b>B</b>	<b>197,29,03,259</b>	140,83,19,578
			<b>214,69,05,659</b>	<b>158,23,21,978</b>
<b>2</b>	<b>Loan Funds :</b>			
a)	Secured Loans	<b>C</b>	<b>89,61,98,990</b>	156,18,43,595
b)	Unsecured Loans	<b>D</b>	<b>2,86,26,438</b>	16,91,37,061
			<b>92,48,25,428</b>	<b>173,09,80,656</b>
<b>3</b>	<b>Deferred Tax Liability</b>		<b>22,06,87,878</b>	<b>18,22,42,165</b>
	<b>TOTAL</b>		<b>329,24,18,965</b>	<b>349,55,44,799</b>
<b>APPLICATION OF FUNDS</b>				
<b>4</b>	<b>Fixed Assets :</b>	<b>E</b>		
a)	Gross Block		<b>227,17,73,631</b>	175,65,57,380
b)	Less: Depreciation		<b>55,90,98,666</b>	46,71,78,253
c)	Net Block		<b>171,26,74,965</b>	<b>128,93,79,127</b>
	Capital WIP		<b>90,51,514</b>	99,87,45,170
<b>5</b>	<b>Investments:</b>	<b>F</b>	<b>36,09,350</b>	27,59,350
<b>6</b>	<b>Current Assets, Loans &amp; Advances:</b>			
	Inventories	<b>G</b>	<b>46,95,48,564</b>	91,90,57,875
	Sundry Debtors	<b>H</b>	<b>88,15,16,969</b>	56,74,56,757
	Cash and Bank Balances	<b>I</b>	<b>52,24,06,063</b>	55,14,115
	Loans & Advances	<b>J</b>	<b>30,03,12,632</b>	24,52,06,551
	Other Current Assets	<b>K</b>	<b>77,41,973</b>	88,50,715
			<b>218,15,26,201</b>	<b>174,60,86,013</b>
<b>7</b>	<b>Less: Current Liabilities &amp; Provisions:</b>			
	Current Liabilities	<b>L</b>	<b>53,98,11,415</b>	51,03,84,499
	Provisions	<b>M</b>	<b>7,46,31,650</b>	3,10,40,362
			<b>61,44,43,065</b>	<b>54,14,24,861</b>
	Net Current Assets		<b>156,70,83,136</b>	<b>120,46,61,152</b>
	<b>TOTAL</b>		<b>329,24,18,965</b>	<b>349,55,44,799</b>
<b>8</b>	<b>Notes on Accounts</b>	<b>U</b>		

As per our report of even date

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

**A.V.REDDY**

Partner

Membership No. 23983

Firm Regn. No. 003256S

Place : Hyderabad

Date : 13.05.2011

P. Radhakrishna Reddy  
Chairman

A. Balasubramanian  
Director

S.K. Sivakumar  
Chief Financial Officer &  
Company Secretary

**For and on behalf of the Board**

S. Radhakrishnan  
Managing Director

P. Vijaya Bhaskar Reddy  
Dy. Managing Director

Place : Chennai  
Date : 13.05.2011



**PROFIT AND LOSS ACCOUNT**

PARTICULARS	SCHEDULE	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>INCOME</b>			
Gross Sales		556,54,42,124	346,49,22,154
<b>Less : Excise Duty</b>		<b>49,13,71,400</b>	<b>26,88,42,808</b>
Net Sales		<b>507,40,70,724</b>	<b>319,60,79,346</b>
Other Income	N	4,20,66,010	76,84,599
Increase / (Decrease) in stock	O	<b>(40,61,86,033)</b>	<b>6,33,36,902</b>
<b>TOTAL</b>		<b>470,99,50,701</b>	<b>326,71,00,847</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	P	217,55,81,436	152,04,53,623
Consumables, Stores and Spares		<b>64,29,03,673</b>	45,67,71,147
Power and Fuel		<b>58,09,46,184</b>	39,36,81,656
Employee cost	Q	<b>23,59,51,322</b>	17,53,91,716
Other Manufacturing Expenses	R	<b>49,59,03,337</b>	29,92,08,575
Transport Charges		<b>13,07,92,766</b>	9,47,16,149
Administration, Selling & Other exps.	S	<b>9,74,38,689</b>	9,57,77,026
Interest & Other Financial Charges	T	<b>5,38,42,836</b>	5,82,85,433
Depreciation		<b>9,22,78,643</b>	7,29,14,973
<b>TOTAL</b>		<b>450,56,38,886</b>	<b>316,72,00,298</b>
Profit Before Extra-ordinary Items		<b>20,43,11,815</b>	<b>9,99,00,549</b>
<b>Add: Extra-ordinary Items:</b>			
Profit on Sale of Investment		108,77,00,000	-
<b>Profit Before Tax</b>		<b>129,20,11,815</b>	9,99,00,549
<b>Less :</b> Provision for tax		<b>38,44,09,068</b>	1,71,92,142
MAT Credit		-	(1,17,89,637)
Defferred Tax		<b>3,84,45,713</b>	2,55,29,500
<b>Profit After Tax</b>		<b>86,91,57,034</b>	<b>6,89,68,544</b>
Less: Prior year adjustments		2,19,143	62,639
<b>Net Profit</b>		<b>86,89,37,891</b>	<b>6,89,05,905</b>
<b>Add : Profit brought forward</b>		<b>21,49,06,945</b>	18,25,37,156
Profits available for appropriations		<b>108,38,44,836</b>	<b>25,14,43,061</b>
<b>Less : Appropriations :</b>			
Special Dividend		20,88,02,880	-
Tax on Special Dividend		<b>3,46,80,070</b>	-
Final Dividend		<b>5,22,00,720</b>	2,61,00,360
Tax on Final Dividend		<b>86,70,540</b>	44,35,756
Transfer to General Reserve		<b>50,00,00,000</b>	60,00,000
<b>Balance carried to Balance Sheet</b>		<b>27,94,90,626</b>	<b>21,49,06,945</b>
<b>Basic and Diluted Earnings per share of face value of Rs.10/- each</b>		<b>49.94</b>	<b>3.96</b>

As per our report of even date

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

**A.V.REDDY**  
Partner

Membership No. 23983  
Firm Regn. No. 003256S

Place : Hyderabad  
Date : 13.05.2011

P. Radhakrishna Reddy  
Chairman

A. Balasubramanian  
Director

S.K. Sivakumar  
Chief Financial Officer &  
Company Secretary

**For and on behalf of the Board**

S. Radhakrishnan  
Managing Director

D.Sesha Reddy  
Director

P. Vijaya Bhaskar Reddy  
Dy. Managing Director

Place : Chennai  
Date : 13.05.2011

**SCHEDULES TO THE BALANCE SHEET**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
2,50,00,000 Equity Shares of Rs.10/- each	<b>25,00,00,000</b>	25,00,00,000
<b>Issued, Subscribed and Paidup :</b>		
1,74,00,240* Equity Shares of Rs.10/- each subscribed and paid up in full	<b>17,40,02,400</b>	17,40,02,400
*(Includes 82,35,000 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares)	<b>17,40,02,400</b>	17,40,02,400
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve:-		
Opening Balance	<b>31,60,00,000</b>	30,00,00,000
Add: Transfer from Profit & Loss A/c.	<b>50,00,00,000</b>	60,00,00,000
	<b>81,60,00,000</b>	31,60,00,000
Share Premium	<b>87,74,12,633</b>	87,74,12,633
Profit & Loss Account	<b>27,94,90,626</b>	21,49,06,945
	<b>197,29,03,259</b>	140,83,19,578
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Term Loans from IDBI Bank Ltd.	<b>83,33,337</b>	52,39,31,596
Term Loan from Kotak Mahindra Bank Ltd.	<b>20,00,00,000</b>	25,00,00,000
Working Capital Loan from State Bank of India	<b>68,78,65,653</b>	78,79,11,999
	<b>89,61,98,990</b>	<b>156,18,43,595</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
From Companies	-	13,00,00,000
Deposits from Public	<b>1,15,30,725</b>	1,29,83,321
Interest Free Sales Tax Loans	<b>1,70,95,713</b>	2,61,53,740
	<b>2,86,26,438</b>	<b>16,91,37,061</b>

**SCHEDULES TO THE BALANCE SHEET**

**SCHEDULE – E**

**FIXED ASSETS**

(Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2010	Additions	Disposal	Cost upto 31.03.2011	Upto 31.03.2010	2010 - 11	Accu. Depn on disposal	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	16,59,68,649	4,36,30,065	-	20,95,98,714	-	-	-	-	20,95,98,714	16,59,68,649
Buildings	33,52,32,753	3,25,53,904	-	36,77,86,657	6,69,29,579	1,17,07,785	-	7,86,37,364	28,91,49,293	26,83,03,174
Plant & Machinery	121,77,77,605	39,66,18,097	-	161,43,95,702	38,52,27,958	7,51,87,225	-	46,04,15,183	115,39,80,519	83,25,49,647
Computers	1,86,05,627	46,85,933	-	2,32,91,560	90,21,254	33,37,545	-	1,23,58,799	1,09,32,761	95,84,373
Office Equipment	19,22,656	8,10,013	-	27,32,669	6,53,083	1,47,079	-	8,00,162	19,32,507	12,69,573
Vehicles	67,30,793	3,56,64,601	17,53,896	4,06,41,498	12,09,550	12,13,849	3,58,230	20,65,169	3,85,76,329	55,21,243
Furniture & Fittings	1,03,19,297	30,07,534	-	1,33,26,831	41,36,829	6,85,160	-	48,21,989	85,04,842	61,82,468
<b>TOTAL</b>	<b>175,65,57,380</b>	<b>51,69,70,147</b>	<b>17,53,896</b>	<b>227,17,73,631</b>	<b>46,71,78,253</b>	<b>9,22,78,643</b>	<b>3,58,230</b>	<b>55,90,98,666</b>	<b>171,26,74,965</b>	<b>128,93,79,127</b>

**SCHEDULES TO THE BALANCE SHEET – (Contd.)**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - F</b>		
<b>Investments:</b>		
(Trade, Unquoted)		
<b>Nelcast USA Inc.,</b> (10,000 Equity shares of US\$ 5/- each including additional paid in capital)	<b>23,59,350</b>	23,59,350
<b>NC Energy Limited</b> (1,00,000 Equity shares of Rs. 10/-each)	<b>10,00,000</b>	–
<b>Nelcast Energy Corporation Limited</b> (15,000 Equity shares of Rs. 10/-each)	–	1,50,000
<b>Saheli Exports P Ltd</b> (25,000 Equity shares of Rs. 10 /- each)	<b>2,50,000</b>	2,50,000
	<b>36,09,350</b>	<b>27,59,350</b>
<b>SCHEDULE - G</b>		
<b>Inventories :</b>		
(As certified by Management)		
Loose Tools	<b>1,02,93,173</b>	1,87,85,530
Consumables, Stores & Spares	<b>5,47,84,544</b>	6,55,51,158
Raw Materials	<b>5,10,71,972</b>	6,12,20,010
Stock - in - process	<b>14,07,05,744</b>	35,72,51,777
Finished Goods	<b>15,83,97,000</b>	34,80,37,000
Moulding Boxes & Patterns	<b>5,42,96,131</b>	6,82,12,400
	<b>46,95,48,564</b>	<b>91,90,57,875</b>
<b>SCHEDULE - H</b>		
<b>Sundry Debtors : (Unsecured Considered good)</b>		
(a) Debts outstanding for more than six months	<b>1,81,77,478</b>	1,26,49,664
(b) Other debts	<b>86,33,39,491</b>	55,48,07,093
	<b>88,15,16,969</b>	<b>56,74,56,757</b>
<b>SCHEDULE - I</b>		
<b>Cash and Bank Balances :</b>		
Cash on hand	<b>6,32,360</b>	6,57,724
Balance with Scheduled Banks:		
– In Current Accounts	<b>2,13,98,703</b>	30,02,391
– In Margin money Deposits	<b>3,75,000</b>	18,54,000
– In Short Term Fixed Deposits	<b>50,00,00,000</b>	–
	<b>52,24,06,063</b>	<b>55,14,115</b>

**SCHEDULES TO THE BALANCE SHEET – (Contd.)**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - J</b>		
<b>Loans and Advances :</b>		
Deposits	8,14,78,085	6,92,62,303
<i>Advances recoverable in cash or in kind or for value to be received :</i>		
Call Deposits	7,37,69,289	5,46,34,043
MAT Credit Entitlement	–	1,17,89,637
Other Advances & Receivables	14,50,65,258	10,95,20,568
	<u>30,03,12,632</u>	<u>24,52,06,551</u>
<b>SCHEDULE - K</b>		
<b>Other Current Assets:</b>		
Accrued Interest	77,41,973	88,50,715
	<u>77,41,973</u>	<u>88,50,715</u>
<b>SCHEDULE - L</b>		
<b>Current Liabilities :</b>		
<b>Sundry Creditors :</b>		
– For Supplies	41,92,58,126	39,50,50,677
– For Expenses	8,75,81,256	7,29,42,327
Other Liabilities	3,29,72,033	4,23,91,495
	<u>53,98,11,415</u>	<u>51,03,84,499</u>
<b>SCHEDULE - M</b>		
<b>Provisions :</b>		
Proposed Dividend	5,22,00,720	2,61,00,360
Provision for Tax on Dividend	86,70,540	44,35,756
Provision for Taxes (Net of Pre-paid Taxes)	1,37,60,390	5,04,246
	<u>7,46,31,650</u>	<u>3,10,40,362</u>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT**

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>SCHEDULE - N</b>		
<b>OTHER INCOME</b>		
Interest Receipts (TDS Rs.4,56,778; Previous year Rs.5,46,235)	46,55,221	39,44,741
Export Incentives	45,92,382	37,35,018
Sales Tax Incentive	47,30,250	-
Profit on Sale of Assets	2,72,65,485	-
Dividend Income	8,22,672	-
Miscellaneous Income	-	4,840
	<b>4,20,66,010</b>	<b>76,84,599</b>
<b>SCHEDULE - O</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
<b>Closing Stock</b>		
Finished Goods	15,83,97,000	34,80,37,000
Stock - in - process	14,07,05,744	35,72,51,777
	<b>29,91,02,744</b>	<b>70,52,88,777</b>
<b>Opening Stock</b>		
Finished Goods	34,80,37,000	36,13,27,500
Stock - in - process	35,72,51,777	28,06,24,375
	<b>70,52,88,777</b>	<b>64,19,51,875</b>
<b>Increase / (Decrease) in Stock</b>	<b>(40,61,86,033)</b>	<b>6,33,36,902</b>
<b>SCHEDULE - P</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	6,12,20,010	4,86,80,063
<b>Add : Purchases</b>	<b>216,54,33,398</b>	153,29,93,570
	<b>222,66,53,408</b>	<b>158,16,73,633</b>
Less : Closing Stock of Raw Materials	5,10,71,972	6,12,20,010
<b>CONSUMPTION</b>	<b>217,55,81,436</b>	<b>152,04,53,623</b>
<b>SCHEDULE - Q</b>		
<b>EMPLOYEE COST</b>		
Salaries, Wages and Bonus	19,35,13,814	14,24,23,343
Staff Welfare Expenses	2,27,64,224	1,86,21,539
PF, Gratuity Contribution	1,96,73,284	1,43,46,834
	<b>23,59,51,322</b>	<b>17,53,91,716</b>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT – (Contd.)**

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>SCHEDULE - R</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Fettling and Other Manufacturing Expenses	<b>41,67,48,407</b>	25,35,78,314
<b>Repairs and Maintenance:</b>		
– Plant and Machinery	<b>6,80,53,773</b>	3,91,52,294
– Buildings	<b>1,11,01,157</b>	64,77,967
	<b>49,59,03,337</b>	<b>29,92,08,575</b>
<b>SCHEDULE - S</b>		
<b>ADMINISTRATION, SELLING &amp; OTHER EXPENDITURE</b>		
Printing & Stationery	<b>16,74,470</b>	16,70,172
Communication Charges	<b>36,79,887</b>	41,81,196
Rent	<b>1,02,40,270</b>	96,70,508
Rates and taxes	<b>23,77,487</b>	19,99,715
Insurance	<b>41,98,715</b>	42,98,045
Travelling & Conveyance	<b>2,79,56,609</b>	2,83,37,389
Advertisement	<b>6,13,964</b>	6,71,227
Legal & Professional Charges	<b>95,26,615</b>	82,09,624
Sales Commission	<b>91,476</b>	30,863
<b>Payment to Auditors :</b>		
– Audit Fee	<b>7,00,000</b>	6,00,000
– Tax Audit Fee	<b>2,00,000</b>	1,00,000
Sitting Fee to Directors	<b>2,80,000</b>	1,90,000
Books, Periodicals & Subscriptions	<b>3,48,890</b>	3,25,854
Vehicle and Office Maintenance	<b>16,13,803</b>	13,12,173
Selling Expenses	<b>2,93,31,207</b>	3,09,13,160
Loss on Foreign Exchange Fluctuation	<b>37,40,903</b>	21,20,287
Loss on Sale of Asset	<b>5,55,666</b>	2,17,228
Other Expenses	<b>3,08,727</b>	9,29,585
	<b>9,74,38,689</b>	<b>9,57,77,026</b>
<b>SCHEDULE - T</b>		
<b>INTEREST &amp; OTHER FINANCIAL CHARGES</b>		
<b>Interest on Term Loans</b>	<b>1,35,93,397</b>	73,26,147
Other Interest and Financial Charges	<b>6,40,31,490</b>	6,07,93,414
Less: Interest on Short Term Deposits (TDS Rs. 23,78,205; Previous Year Rs. 9,83,413/-)	<b>2,37,82,051</b>	98,34,128
<b>Net Other Interest and Financial Charges</b>	<b>4,02,49,439</b>	<b>5,09,59,286</b>
<b>Total Interest and Other Financial Charges</b>	<b>5,38,42,836</b>	<b>5,82,85,433</b>

## NOTES ON ACCOUNTS

### SCHEDULE – U

#### NOTES ON ACCOUNTS

#### 1. ACCOUNTING POLICIES :

<i>Basis of Accounting</i>	:	Financial statements are prepared in accordance with the generally accepted accounting principles including accounting standards in India under historical cost convention on accrual basis.
<hr/>		
<i>Revenue Recognition</i>	:	Income of the Company is derived from Sale of Products including Excise duty but excluding Sales Tax and net of sales returns. The revenue and expenditure are accounted on a going concern basis.
<hr/>		
<i>Inventories</i>	:	Finished goods, stock-in-process and Raw Materials are valued at lower of the cost and net realisable value. Moulding boxes and patterns are valued at lower of cost (estimated) and net realisable value.
<hr/>		
<i>Fixed Assets</i>	:	Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its use.
<hr/>		
<i>Depreciation</i>	:	Depreciation for the year on fixed assets is provided under the Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
<hr/>		
<i>Foreign Currency Transactions</i>	:	Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Current assets and current liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of current assets and current liabilities at the end of the year is recognised as income or expense as the case may be.
<hr/>		
<i>Employee Benefits</i>	:	<p>(I) <b>Defined Contribution Plan:</b></p> <p>(a) Company's contribution to Employees Provident fund and Employees State Insurance are made under a Defined Contribution Plan, and are accounted for at actual cost in the year of accrual.</p> <p>(b) Company's contribution to the Superannuation fund in respect of employees who are members are made under a defined contribution plan, being administrated by the Life Insurance Corporation of India and are charged to Profit and Loss account in the year in which employee has rendered service.</p> <p>(II) <b>Defined Benefit Plan :</b></p> <p>Company's liability to Gratuity on retirement of its eligible employees is funded and is being administrated by the Life Insurance Corporation of India. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognised and charged to the Profit and Loss Account in the year in which the employee has rendered service.</p>



### NOTES ON ACCOUNTS – (Contd.)

<i>Borrowing Costs</i>	: The Company capitalizes interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset, the Company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Where borrowings cannot be specifically identified to fixed assets, the capitalisation rate applied is the weighted average of the interest rates applicable to all borrowings of the Company. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete.												
<i>Investments</i>	: Investments, which are Long-term in nature, are stated at cost after providing for decline in value, if any, other than temporary.												
<i>Leases</i>	: Leases, where the Lessor retains substantially all the risks and rewards incidental to the ownership are classified as operating leases. Operating lease payments are recognised as an expense in Profit & Loss Account on straight-line basis over the lease term.												
<i>Deferred Tax</i>	: Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.												
<i>Impairment of Assets</i>	: The Company carrying out Impairment of Assets at balance sheet date and recognize Impairment Gain / Loss based on internal/external factors.												
2. Loans from IDBI Bank Ltd. & Kotak Mahindra Bank Ltd. are secured by equitable mortgage of land, building and hypothecation of plant and machinery.													
3. Working Capital Loan from State Bank of India is fully secured by hypothecation of raw materials, stocks in process, finished goods, stores and book debts and second charge on fixed assets.													
4. <b>Provision, Contingent Liabilities and Contingent Assets :</b>	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;"><b>31.03.2011</b></td> <td style="width: 20%; text-align: right;">31.03.2010</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>Rs.</b></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td style="padding-top: 10px;">a) Contingent liability not provided for on account of Letters of Credit/Bank Guarantee</td> <td style="text-align: right; padding-top: 10px;"><b>25,00,000</b></td> <td style="text-align: right; padding-top: 10px;">1,27,43,200</td> </tr> <tr> <td style="padding-top: 10px;">b) Estimated amount of contracts remaining to be executed on Capital Account and not provided for</td> <td style="text-align: right; padding-top: 10px;"><b>4,00,84,400</b></td> <td style="text-align: right; padding-top: 10px;">2,06,21,000</td> </tr> </table>		<b>31.03.2011</b>	31.03.2010		<b>Rs.</b>	Rs.	a) Contingent liability not provided for on account of Letters of Credit/Bank Guarantee	<b>25,00,000</b>	1,27,43,200	b) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<b>4,00,84,400</b>	2,06,21,000
	<b>31.03.2011</b>	31.03.2010											
	<b>Rs.</b>	Rs.											
a) Contingent liability not provided for on account of Letters of Credit/Bank Guarantee	<b>25,00,000</b>	1,27,43,200											
b) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<b>4,00,84,400</b>	2,06,21,000											
5. Travelling expenses in Schedule S include Rs.24,829/- out of pocket expenses reimbursed to the Auditors. (Previous year Rs. 13,866/-)													
6. <b>Composition of Deferred Tax Liability :</b>													
Difference between Book and Tax Depreciation	<b>22,06,87,878</b>	18,22,42,165											

**NOTES ON ACCOUNTS – (Contd.)**

	2010-11 Rs.	2009-10 Rs.
<b>7. Remuneration to Directors:</b>		
Managing Director (Part of the year)	<b>52,45,161</b>	Nil
Deputy Managing Director	<b>63,36,000</b>	63,36,000
<b>8. Installed Capacity :</b>		
	<b>2010-11</b>	2009-10
	<b>TPA</b>	TPA
Iron Castings	<b>1,50,000</b>	1,26,000

**9. Details of production, turnover and stocks of finished goods :**

	Opening Stock		Production	Sales		Closing Stock	
	Quantity (MT)	Value (Rs.)	Quantity (MT)	Quantity (MT)	Value (Rs.)	Quantity (MT)	Value (Rs.)
<b>Iron Castings</b>	<b>6,758</b>	<b>34,80,37,000</b>	<b>76,734</b>	<b>80,638</b>	<b>507,37,78,483</b>	<b>2,854</b>	<b>15,83,97,000</b>
	(7,155)	(36,13,27,500)	(60,761)	(61,158)	(319,54,69,279)	(6,758)	(34,80,37,000)
<b>Wind Energy</b>					<b>2,92,241</b>		
					(6,10,067)		

**NOTE :** Figures in brackets represent figures for the previous year.

**10. Details of Raw Materials consumed:**

	2010-11		2009-10	
	Quantity (Kgs.)	Value (Rs.)	Quantity (Kgs.)	Value (Rs.)
Steel Scrap	<b>8,02,13,009</b>	<b>183,33,42,127</b>	6,35,34,650	130,13,29,684
Others		<b>34,22,39,309</b>		21,91,23,939
Total		<b>217,55,81,436</b>		152,04,53,623

**NOTES ON ACCOUNTS – (Contd.)**

**11. Value of Imported and Indigenous raw materials consumed and their percentage to consumption:**

	2010-11		2009 – 10	
	%	Value	%	Value
Imported	<b>0.82</b>	<b>1,78,58,103</b>	1.19	1,80,60,772
Indigenous	<b>99.18</b>	<b>215,77,23,333</b>	98.81	150,23,92,851
Total	<b>100.00</b>	<b>217,55,81,436</b>	100.00	152,04,53,623

12.

	2010-11	2009-10
(a) <b>C.I.F. Value of Imports :</b>		
Machinery spares & others	<b>79,04,951</b>	30,00,010
Raw materials	<b>1,78,58,103</b>	1,80,60,772
(b) <b>F.O.B. Value of Exports:</b>		
Finished Goods	<b>8,33,68,436</b>	8,80,28,031
(c) <b>Expenditure in Foreign Currency:</b>		
On account of travel	<b>18,52,947</b>	26,81,400
On account of Other Matters	<b>3,59,61,658</b>	3,57,11,298

13. During the year, a sum of Rs.4.79 Crores (Previous year Rs. 8.21 Crores) being interest on borrowings attributable to qualifying assets has been capitalized.

14. Earnings Per Share is calculated in accordance with the Accounting Standard:

	2010-11	2009-10
EPS	<b>Rs. 49.94</b>	Rs. 3.96

**NOTES ON ACCOUNTS – (Contd.)**

**15. Disclosure required by the AS – 15 (Revised) – Employee Benefits – Gratuity**

The Company has a defined benefit gratuity plan covering eligible employees. The following tables summarise the components of net benefit expenses recognised in the profit and loss account and the funded status and amounts recognised in the Balance Sheet.

**1. Table Showing changes in present value of Obligation as on 31/03/2011**

	<b>2010–11</b>	<b>2009–10</b>
Present value of obligations as at beginning of year	168,65,053	1,19,79,605
Interest cost	13,49,204	9,58,368
Current Service Cost	18,61,360	14,63,219
Benefits Paid	(11,08,599)	(10,04,110)
Actuarial (gain)/ loss on obligations	55,65,544	34,67,971
Present value of obligations as at end of the year	245,32,562	1,68,65,053

**2. Table showing changes in the fair value of plan assets as on 31/03/2011**

Fair value of plan assets at beginning of year	93,36,154	71,98,361
Expected return on plan assets	14,47,503	7,55,472
Contributions	75,28,899	23,86,431
Benefits Paid	(11,08,599)	(10,04,110)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	172,03,957	93,36,154

**3. Table showing fair value of plan assets**

Fair value of plan assets at beginning of year	93,36,154	71,98,361
Actual return on plan assets (Expected Return + Actuarial Return)	14,47,503	7,55,472
Contributions	75,28,899	23,86,431
Benefits Paid	(11,08,599)	(10,04,110)
Fair value of plan assets at the end of year	172,03,957	93,36,154
Funded status	(73,03,957)	(75,28,899)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	NIL	NIL

**4. Actuarial Gain/Loss recognized as on 31/03/2011**

Actuarial (gain)/ loss on benefit obligations	(55,65,544)	(34,67,971)
Actuarial (gain)/ loss for the year - plan assets	NIL	NIL
Actuarial (gain)/ loss on obligations	55,65,544	34,67,971
Actuarial (gain)/ loss recognized in the year	55,65,544	34,67,971

**5. The amounts to be recognized in the balance sheet and statements of profit and loss**

Actuarial Present value of benefit obligations as at the end of year	245,32,562	1,68,65,053
Fair value of plan assets as at the end of the year	172,03,957	93,36,154
Funded status	(73,28,605)	(75,28,899)
Net asset/(liability) recognized in balance sheet	73,28,605	75,28,899

**6. Expenses Recognised in statement of Profit and loss**

Current Service cost	18,01,300	14,63,219
Interest Cost	13,49,204	9,58,368
Expected return on plan assets	(14,47,503)	(7,55,472)
Net Actuarial (gain)/ loss recognized in the year	55,65,544	34,67,971
Expenses recognised in statement of Profit and loss	73,28,605	51,34,086

**7. Actuarial Assumptions**

Discount Rate	8.00%	8.00%
Salary Escalation Rate per Unit	7.00%	7.00%
Mortality Rate	LIC 1994-96	LIC 1994-96
Expected Rate of Return	8.00%	8.00%

**NOTES ON ACCOUNTS – (Contd.)**

16. Balances of Sundry Debtors, Sundry Creditors, Loans & Advances or receivables are subject to confirmations to be obtained from the parties.
17. Amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro Small and Medium Enterprises Development Act 2006, is Rs. 5,52,01,303/- as on 31.03.2011 and there is no overdue amount.
18. **Interim Financial Reporting :**  
The quarterly financial results are published in accordance with the requirements of Listing agreement with stock exchanges.
19. **Segment Information :**  
The Company is principally engaged only in the business of manufacture and sale of Iron Castings, there are no reportable segments as per Accounting Standard No.17 issued by The Institute of Chartered Accountants of India on "Segmental Reporting".
20. **Related Party Disclosure :**

Disclosure as required by the Accounting Standard 18 on "Related Party Disclosures" are given below:

**(a) List of Related Parties (F.Y. 2010-11)**

- Subsidiary Company:-** Nelcast USA Inc
- Associate company:-** NC Energy Limited  
Nelcast Energy Corporation Limited
- Key Management personnel:-**
1. Mr. P. Radhakrishna Reddy,  
*Chairman*
  2. Mr.S.Radhakrishnan,  
*Managing Director*
  3. Mr. P.Vijaya Bhaskar Reddy,  
*Deputy Managing Director*

**(b) Transactions with related parties (F.Y. 2010-11)**

Nature of Transactions	Subsidiary Company Rs.	Associate Company Rs.	Key Management Personnel Rs.
Managerial Remuneration	-	-	1,15,81,161
Reimbursement of Expenses	2,80,56,707	-	-
Balance Outstanding Dr / (Cr.)	10,87,423	-	-
Investment in Shares	-	139,43,00,000	-
Share Application Money	-	2,10,00,000	-
Sale of Land	-	47,34,20,742	-

**NOTES ON ACCOUNTS – (Contd.)**

**(a) List of Related Parties (F.Y. 2009-10)**

<b>Subsidiary Company:-</b>	<b>Nelcast USA Inc</b>
<b>Associate company:-</b>	<b>Nelcast Energy Corporation Limited</b>
<b>Key Management personnel:-</b>	1. Mr.P.Radhakrishna Reddy, Chairman and Managing Director
	2. Mr. P.Vijaya Bhaskar Reddy, Deputy Managing Director

**(b) Transactions with related parties (F.Y. 2009-10)**

Nature of Transactions	Subsidiary Company Rs.	Associate Company Rs.	Key Management Personnel Rs.
Managerial Remuneration	–	–	63,36,000
Reimbursement of Expenses Balance Outstanding Dr / (Cr.)	2,99,21,543 (22,50,309)	– –	– –
Investment in Shares	–	1,50,000	–
Share Application Money	–	88,12,706	–

21. Figures for the previous year have been regrouped and reclassified wherever necessary to be in conformity with the figures for the current period.

<i>As per our report of even date</i>	<b>Signatures to Schedules A to U</b>	<i>For and on behalf of the Board</i>
<b>For J.B.REDDY &amp; CO.,</b> <i>Chartered Accountants</i>	P. Radhakrishna Reddy Chairman	S. Radhakrishnan Managing Director
<b>A.V.REDDY</b> <i>Partner</i> Membership No. 23983 Firm Regn. No. 003256S	D.Sesha Reddy Director	A. Balasubramanian Director
	P. Vijaya Bhaskar Reddy Dy. Managing Director	S.K. Sivakumar Chief Financial Officer & Company Secretary
Place : Hyderabad Date : 13th May 2011		Place: Chennai Date : 13th May 2011

### CASH FLOW STATEMENT

PARTICULARS	For the Year ended 31.03.2011 Rs.	For the Year ended 31.03.2010 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	20,43,11,815	9,99,00,549
Adjustment for:		
Depreciation	9,22,78,643	7,29,14,973
Interest & Dividend Income	(54,77,893)	(39,44,741)
(Profit)/Loss on sale of assets	(2,67,09,819)	2,17,228
Interest expenditure	5,38,42,836	5,82,85,433
<b>Operating Profit before Working Capital Changes</b>	<b>31,82,45,582</b>	<b>22,73,73,442</b>
Adjustment for:		
Trade & Other Receivables	(36,57,56,445)	2,84,36,611
Inventories	44,95,09,311	(8,58,21,305)
Current Liabilities & Provisions	1,21,46,944	22,42,29,428
<b>Cash generated from Operations</b>	<b>9,58,99,810</b>	<b>16,68,44,734</b>
Direct Taxes Paid	(1,18,69,720)	39,42,18,176
<b>Cash flow before Prior-period Items</b>	<b>40,22,75,672</b>	<b>1,51,25,550</b>
Prior Period Items	(2,19,143)	(62,639)
<b>Net Cash from Operating Activities</b> <span style="float: right;">TOTAL A</span>	<b>40,20,56,529</b>	<b>37,90,29,987</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(51,69,70,147)	(29,76,70,841)
Decrease / (Increase) in Capital Work - In- Progress	98,96,93,656	(1,12,77,573)
Sale of Investment (Net)	74,35,45,662	-
Sale of fixed assets	8,40,000	3,54,000
Increase / Purchase of Investments	(10,00,000)	-
Profit on sale of assets	2,72,65,485	-
Interest received & Dividend Income	54,77,893	39,44,741
<b>Net Cash from / (used in) in Investing Activities</b> <span style="float: right;">TOTAL B</span>	<b>124,88,52,549</b>	<b>(30,46,49,673)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Decrease in Long Term borrowings	(66,56,44,605)	(1,57,78,227)
(Decrease) / Increase in Unsecured Loans	(14,05,10,623)	2,02,51,968
Interest paid	(5,38,42,836)	(5,82,85,433)
Dividend Paid (Including Dividend Tax)	(27,40,19,066)	(2,03,57,411)
<b>Net Cash from / (used in) Financing Activities</b> <span style="float: right;">TOTAL C</span>	<b>(113,40,17,130)</b>	<b>(7,41,69,103)</b>
<b>Net increase in Cash and Cash equivalents</b> <span style="float: right;">TOTAL A+B+C</span>	<b>51,68,91,948</b>	<b>2,11,211</b>
<b>Cash and Cash equivalents as at - Opening Balance</b>	<b>55,14,115</b>	<b>53,02,904</b>
<b>Cash and Cash Equivalents as at - Closing Balance</b>	<b>52,24,06,063</b>	<b>55,14,115</b>

**For and on behalf of the Board**

P. Radhakrishna Reddy Chairman Place : Chennai Date : 13th May 2011	S. Radhakrishnan Managing Director S.K. Sivakumar Chief Financial Officer & Company Secretary	A. Balasubramanian Director	D.Sesha Reddy Director P. Vijaya Bhaskar Reddy Dy. Managing Director
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**AUDITORS' REPORT**

We have verified the above Cash Flow Statement of Nelcast Limited, for the year ended 31st March 2011. The statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet.

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

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

Place : Hyderabad  
Date : 13th May 2011



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**BALANCE SHEET EXTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Amount in Rs.'000)

**I. Registration Details**

Registration number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	State code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Balance sheet date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								

**II. Capital raised during the year**

Public issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Rights issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**III. Position of Mobilization and Deployment of funds**

Total liabilities and shareholders' funds	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Sources of Funds**

Paid up capital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Secured loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Share Application money	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Unsecured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Reserves and Surplus	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Deferred Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Application of Funds**

Net Fixed Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Investments	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Capital work-in-Progress	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Net Current Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Miscellaneous Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								

**IV. Performance of Company**

Turnover (Includes other income)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Profit before Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Profit after Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Earning per share	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Dividend Rate	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**V. Generic names of three principal products/services of the Company**

Item Code No.(ITC Code)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Product Description	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

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

We have examined the attached Consolidated Balance Sheet of Nelcast Limited and its subsidiary Nelcast USA Inc as at March 31<sup>st</sup>, 2011, the consolidated Profit and Loss Account for the year then ended annexed thereto and the consolidated cash flow statement for the year ended on that date.

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

We did not audit the financial statements of the wholly owned subsidiary Nelcast USA Inc. This financial statements has been audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary Nelcast USA Inc, is based solely on the report of the other auditors.

We report the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Nelcast Limited and its subsidiary Nelcast USA Inc included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Nelcast Limited and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Nelcast Limited and its subsidiary as at March 31<sup>st</sup>, 2011.
- (b) The consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of Nelcast Limited and its subsidiary for the year then ended.
- (c) The consolidated Cash Flow Statement of the consolidated cash flows for the year ended on that date.

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

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

Place : Hyderabad  
Date : 13th May 2011

**CONSOLIDATED BALANCE SHEET**

PARTICULARS	SCHEDULE	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds :</b>			
a) Share Capital	<b>A</b>	<b>17,40,02,400</b>	17,40,02,400
b) Reserves & Surplus	<b>B</b>	<b>197,29,93,079</b>	140,84,23,970
		<b>214,69,95,479</b>	<b>158,24,26,370</b>
<b>2 Loan Funds :</b>			
a) Secured Loans	<b>C</b>	<b>89,61,98,990</b>	156,18,43,595
b) Unsecured Loans	<b>D</b>	<b>2,86,26,438</b>	16,91,37,061
		<b>92,48,25,428</b>	<b>173,09,80,656</b>
<b>3 Deferred Tax Liability</b>		<b>22,06,87,878</b>	18,22,42,165
<b>TOTAL</b>		<b>329,25,08,785</b>	<b>349,56,49,191</b>
<b>APPLICATION OF FUNDS</b>			
<b>4 Fixed Assets :</b>	<b>E</b>		
a) Gross Block		<b>227,23,68,915</b>	175,71,52,664
b) Less: Depreciation		<b>55,96,53,782</b>	46,76,71,445
c) Net Block		<b>171,27,15,133</b>	<b>128,94,81,219</b>
Capital WIP		<b>90,51,514</b>	99,87,45,170
<b>5 Investments</b>	<b>F</b>	<b>12,50,000</b>	4,00,000
<b>6 Current Assets, Loans &amp; Advances:</b>			
Inventories	<b>G</b>	<b>46,95,48,564</b>	91,90,57,875
Sundry Debtors	<b>H</b>	<b>88,15,16,969</b>	56,56,32,021
Cash and Bank Balances	<b>I</b>	<b>52,55,23,660</b>	70,90,644
Loans & Advances	<b>J</b>	<b>29,71,07,477</b>	24,54,74,514
Other Current Assets	<b>K</b>	<b>77,41,973</b>	88,50,715
		<b>218,14,38,643</b>	<b>174,61,05,769</b>
<b>7 Less: Current Liabilities &amp; Provisions:</b>			
Current Liabilities	<b>L</b>	<b>53,73,14,855</b>	50,80,42,605
Provisions	<b>M</b>	<b>7,46,31,650</b>	3,10,40,362
		<b>61,19,46,505</b>	<b>53,90,82,967</b>
Net Current Assets		<b>156,94,92,138</b>	<b>120,70,22,802</b>
<b>TOTAL</b>		<b>329,25,08,785</b>	<b>349,56,49,191</b>
<b>8 Notes on Accounts</b>	<b>U</b>		

As per our report of even date

For and on behalf of the Board

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

P. Radhakrishna Reddy  
Chairman

S. Radhakrishnan  
Managing Director

D.Sesha Reddy  
Director

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

A. Balasubramanian  
Director

P. Vijaya Bhaskar Reddy  
Dy. Managing Director

Place : Hyderabad  
Date : 13.05.2011

S.K. Sivakumar  
Chief Financial Officer &  
Company Secretary

Place : Chennai  
Date : 13.05.2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

PARTICULARS	SCHEDULE	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>INCOME</b>			
Gross Sales		556,54,42,124	346,49,22,154
<b>Less : Excise Duty</b>		<u>49,13,71,400</u>	<u>26,88,42,808</u>
Net Sales		507,40,70,724	<b>319,60,79,346</b>
Other Income	N	4,20,66,010	76,84,599
Increase/(Decrease) in stock	O	<u>(40,61,86,033)</u>	<u>6,33,36,902</u>
<b>TOTAL</b>		<b>470,99,50,701</b>	<b>326,71,00,847</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	P	217,55,81,436	152,04,53,623
Consumables, Stores and Spares		64,29,03,673	45,67,71,147
Power and Fuel		58,09,46,184	39,36,81,656
Employee cost	Q	25,83,88,057	19,65,26,659
Other Manufacturing Expenses	R	49,59,03,337	29,92,08,575
Transport Charges		13,17,27,560	9,56,13,952
Administration, Selling & Other exps.	S	7,39,54,600	7,36,38,995
Interest & Other Financial Charges	T	5,38,93,472	5,83,42,998
Depreciation		<u>9,23,40,567</u>	<u>7,29,62,692</u>
<b>TOTAL</b>		<b>450,56,38,886</b>	<b>316,72,00,298</b>
Profit Before Extra-ordinary Items		20,43,11,815	<b>9,99,00,549</b>
<b>Add: Extra-ordinary Items:</b>			
Profit on Sale of Investment		108,77,00,000	-
<b>Profit Before Tax</b>		<b>129,20,11,815</b>	<b>9,99,00,549</b>
Less: Provision for tax		38,44,09,068	1,71,92,142
MAT Credit		-	(1,17,89,637)
Defferred Tax		3,84,45,713	2,55,29,500
<b>Profit After Tax</b>		<b>86,91,57,034</b>	<b>6,89,68,544</b>
<b>Less: Prior year adjustments</b>		2,19,143	62,639
<b>Net profit</b>		<b>86,89,37,891</b>	<b>6,89,05,905</b>
<b>Add : Profit brought forward</b>		21,50,47,198	18,26,77,409
Profits available for appropriations		<b>108,39,85,089</b>	<b>25,15,83,314</b>
<b>Less : Appropriations :</b>			
Special Dividend		20,88,02,880	-
Tax on Special Dividend		3,46,80,070	-
Final Dividend		5,22,00,720	2,61,00,360
Tax on Final Dividend		86,70,540	44,35,756
Transfer to General Reserve		<u>50,00,00,000</u>	<u>60,00,000</u>
<b>Balance carried to Balance Sheet</b>		<b>27,96,30,879</b>	<b>21,50,47,198</b>
<b>Basic and Diluted Earnings per share of face value of Rs. 10/- each</b>		<b>49.94</b>	<b>3.96</b>

As per our report of even date

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

**A.V.REDDY**  
Partner

Membership No. 23983  
Firm Regn. No. 003256S

Place : Hyderabad  
Date : 13.05.2011

P. Radhakrishna Reddy  
Chairman

A. Balasubramanian  
Director

S.K. Sivakumar  
Chief Financial Officer &  
Company Secretary

S. Radhakrishnan  
Managing Director

P. Vijaya Bhaskar Reddy  
Dy. Managing Director

Place : Chennai  
Date : 13.05.2011

For and on behalf of the Board

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - A</b>		
<b>Share Capital</b>		
<b>Authorised :</b>		
2,50,00,000 Equity Shares of Rs.10/- each	<b>25,00,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paidup :</b>		
1,74,00,240* Equity Shares of Rs.10/- each subscribed and paid up in full	<b>17,40,02,400</b>	17,40,02,400
* (Includes 82,35,000 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares)	<b>17,40,02,400</b>	<b>17,40,02,400</b>
<b>SCHEDULE - B</b>		
<b>Reserves &amp; Surplus</b>		
General Reserve:-		
Opening Balance	<b>31,60,00,000</b>	31,00,00,000
Add: Transfer from Profit & Loss Account	<b>50,00,00,000</b>	60,00,000
	<b>81,60,00,000</b>	<b>31,60,00,000</b>
Share Premium	<b>87,74,12,633</b>	87,74,12,633
Profit & Loss Account	<b>27,96,30,879</b>	21,50,47,198
Foreign Currency Translation Reserve	<b>(50,433)</b>	(35,861)
	<b>197,29,93,079</b>	<b>140,84,23,970</b>
<b>SCHEDULE - C</b>		
<b>Secured Loans</b>		
Term Loans from IDBI Bank Ltd.	<b>83,33,337</b>	52,39,31,596
Term Loan from Kotak Mahindra Bank Ltd.	<b>20,00,00,000</b>	25,00,00,000
Working Capital Loan from State Bank of India	<b>68,78,65,653</b>	78,79,11,999
	<b>89,61,98,990</b>	<b>156,18,43,595</b>
<b>SCHEDULE - D</b>		
<b>Unsecured Loans</b>		
From Companies	-	13,00,00,000
Deposits from Public	<b>1,15,30,725</b>	1,29,83,321
Interest Free Sales Tax Loans	<b>1,70,95,713</b>	2,61,53,740
	<b>2,86,26,438</b>	<b>16,91,37,061</b>

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE – E**

**FIXED ASSETS**

(Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2010	Additions	Disposal	Cost upto 31.03.2011	Upto 31.03.2010	2010 - 11	Accu. Depon on disposal	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	16,59,68,649	4,36,30,065	-	20,95,98,714	-	-	-	-	20,95,98,714	16,59,68,649
Buildings	33,52,32,753	3,25,53,904	-	36,77,86,657	6,69,29,579	1,17,07,785	-	7,86,37,364	28,91,49,293	26,83,03,174
Plant & Machinery	121,77,77,605	39,66,18,097	-	161,43,95,702	38,52,27,958	7,51,87,225	-	46,04,15,183	115,39,80,519	83,25,49,647
Computers	1,86,05,627	46,85,933	-	2,32,91,560	90,21,254	33,37,545	-	1,23,58,799	1,09,32,761	95,84,373
Office Equipment	19,22,656	8,10,013	-	27,32,669	6,53,083	1,47,079	-	8,00,162	19,32,507	12,69,573
Vehicles	67,30,793	3,56,64,601	17,53,896	4,06,41,498	12,09,550	12,13,849	3,58,230	20,65,169	3,85,76,329	55,21,243
Furniture & Fittings	1,09,14,581	30,07,534	-	1,39,22,115	41,36,021	7,47,084	-	53,77,105	85,45,010	62,84,560
<b>TOTAL</b>	<b>175,71,52,664</b>	<b>51,69,70,147</b>	<b>17,53,896</b>	<b>227,23,68,915</b>	<b>46,76,71,445</b>	<b>9,23,40,567</b>	<b>3,58,230</b>	<b>55,96,53,782</b>	<b>171,27,15,133</b>	<b>128,94,81,219</b>

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET – (Contd.)**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - F</b>		
<b>Investments</b>		
(Long Term — Trade, Unquoted)		
<b>NC Energy Limited</b>	10,00,000	—
(1,00,000 Equity shares of Rs. 10/-each)		
<b>Nelcast Energy Corporation Limited</b>	—	1,50,000
(15,000 Equity shares of Rs. 10/-each)		
<b>Saheli Exports P Ltd</b>	2,50,000	2,50,000
(25,000 Equity shares of Rs. 10 /- each)		
	<b>12,50,000</b>	<b>4,00,000</b>
<b>SCHEDULE - G</b>		
<b>Inventories</b>		
(As certified by Management)		
Loose Tools	1,02,93,173	1,87,85,530
Consumables, Stores & Spares	5,47,84,544	6,55,51,158
Raw Materials	5,10,71,972	6,12,20,010
Stock - in - process	14,07,05,744	35,72,51,777
Finished Goods	15,83,97,000	34,80,37,000
Moulding Boxes & Patterns	5,42,96,131	6,82,12,400
	<b>46,95,48,564</b>	<b>91,90,57,875</b>
<b>SCHEDULE - H</b>		
<b>Sundry Debtors : (Unsecured considered good)</b>		
(a) Debts outstanding for more than six months	1,81,77,478	1,26,49,664
(b) Other debts	86,33,39,491	55,29,82,357
	<b>88,15,16,969</b>	<b>56,56,32,021</b>
<b>SCHEDULE - I</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	6,32,360	6,57,724
Balances in accounts with Scheduled Banks :		
– In Current Accounts	2,45,16,300	45,78,920
– In Margin money Deposits	3,75,000	—
– In Short Term Fixed Deposits	50,00,00,000	18,54,000
	<b>52,55,23,660</b>	<b>70,90,644</b>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET – (Contd.)		
	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE - J</b>		
<b><i>Loans &amp; Advances</i></b>		
Deposits	8,16,05,338	6,93,90,268
<b><i>Advances recoverable in cash or in kind or for value to be received :</i></b>		
Call Deposits	7,37,69,289	5,46,34,043
MAT Credit Entitlement	–	1,17,89,637
Prepaid Expenses	1,69,938	1,39,998
Other Advances & Receivables	14,15,62,912	10,95,20,568
	<b>29,71,07,477</b>	<b>24,54,74,514</b>
<b>SCHEDULE - K</b>		
<b><i>Other Current Assets</i></b>		
Accrued Interest	77,41,973	88,50,715
	<b>77,41,973</b>	<b>88,50,715</b>
<b>SCHEDULE - L</b>		
<b><i>Current Liabilities</i></b>		
<b>Sundry Creditors :</b>		
– For Supplies	41,92,58,126	39,25,59,984
– For Expenses	8,77,40,121	7,29,42,327
Other Liabilities	3,03,16,608	4,25,40,294
	<b>53,73,14,855</b>	<b>50,80,42,605</b>
<b>SCHEDULE - M</b>		
<b><i>Provisions</i></b>		
Proposed Dividend	5,22,00,720	2,61,00,360
Provision for Tax on Dividend	86,70,540	44,35,756
Provision for Tax (Net of Pre-paid Taxes)	1,37,60,390	5,04,246
	<b>7,46,31,650</b>	<b>3,10,40,362</b>

**SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>SCHEDULE - N</b>		
<b>Other Income</b>		
Interest Receipts (TDS Rs. 4,56,778; Previous year Rs. 5,46,235)	46,55,221	39,44,741
Export Incentives	45,92,382	37,35,018
Sales Tax Incentive	47,30,250	-
Profit on Sale of Asset	2,72,65,485	-
Dividend Income	8,22,672	-
Miscellaneous Income	-	4,840
	<u>4,20,66,010</u>	<u>76,84,599</u>
<b>SCHEDULE - O</b>		
<b>Increase / (Decrease) in Stock</b>		
<b>Closing Stock</b>		
Finished Goods	15,83,97,000	34,80,37,000
Stock - in - process	14,07,05,744	35,72,51,777
	<u>29,91,02,744</u>	<u>70,52,88,777</u>
<b>Opening Stock</b>		
Finished Goods	34,80,37,000	36,13,27,500
Stock - in - process	35,72,51,777	28,06,24,375
	<u>70,52,88,777</u>	<u>64,19,51,875</u>
<b>Increase / (Decrease) in Stock</b>	<b>(40,61,86,033)</b>	<b>6,33,36,902</b>
<b>SCHEDULE - P</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	6,12,20,010	4,86,80,063
<b>Add : Purchases</b>	<b>216,54,33,398</b>	<b>153,29,93,570</b>
	<u>222,66,53,408</u>	<u>158,16,73,633</u>
Less : Closing Stock of raw materials	5,10,71,972	6,12,20,010
<b>CONSUMPTION</b>	<b>217,55,81,436</b>	<b>152,04,53,623</b>
<b>SCHEDULE - Q</b>		
<b>Employee cost</b>		
Salaries, Wages and Bonus	21,35,92,109	16,35,58,286
Staff Welfare Expenses	2,51,22,664	1,86,21,539
PF, Gratuity Contribution	1,96,73,284	1,43,46,834
	<u>25,83,88,057</u>	<u>19,65,26,659</u>



**SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT – (Contd.)**

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>SCHEDULE - R</b>		
<b><i>Other Manufacturing Expenses</i></b>		
Fettling and Other Manufacturing expenses	<b>41,67,48,407</b>	25,35,78,314
Repairs and Maintenance		
– Plant and Machinery	<b>6,80,53,773</b>	3,91,52,294
– Buildings	<b>1,11,01,157</b>	64,77,967
	<b>49,59,03,337</b>	<b>29,92,08,575</b>
<b>SCHEDULE - S</b>		
<b><i>Administration, Selling &amp; Other Expenditure</i></b>		
Printing & Stationery	<b>16,74,470</b>	16,70,172
Communication Charges	<b>40,40,551</b>	46,42,240
Rent	<b>1,08,15,816</b>	1,02,56,056
Rates and taxes	<b>33,33,622</b>	30,66,806
Insurance	<b>44,44,490</b>	53,59,597
Travelling & Conveyance	<b>2,84,62,371</b>	3,01,57,991
Advertisement	<b>6,13,964</b>	6,71,227
Legal & Professional Charges	<b>1,01,49,186</b>	91,55,004
Sales Commission	<b>91,476</b>	30,863
Payment to Auditors :		
– Audit Fee	<b>7,00,000</b>	6,00,000
– Tax Audit Fee	<b>2,00,000</b>	1,00,000
Sitting Fee to Directors	<b>2,80,000</b>	1,90,000
Books, Periodicals & Subscriptions	<b>3,48,890</b>	3,25,854
Vehicle and Office Maintenance	<b>29,06,106</b>	28,06,176
Selling Expenses	<b>12,76,023</b>	9,88,599
Loss on Foreign Exchange Fluctuation	<b>37,40,903</b>	21,20,287
Loss on Sale of Asset	<b>5,55,666</b>	2,17,228
Other Expenses	<b>3,21,066</b>	12,80,895
	<b>7,39,54,600</b>	<b>7,36,38,995</b>
<b>SCHEDULE - T</b>		
<b><i>Interest &amp; Other Financial Charges</i></b>		
<b>Interest on Term Loans</b>	<b>1,35,93,397</b>	73,26,147
Other Interest and Financial Charges	<b>6,40,82,126</b>	6,08,50,979
Less: Interest on Short Term Deposits (TDS Rs. 23,78,205; Previous Year Rs. 9,83,413/-)	<b>2,37,82,051</b>	98,34,128
<b>Net Other Interest and Financial Charges</b>	<b>4,03,00,075</b>	<b>5,10,16,851</b>
<b>Total Interest and Other Financial Charges</b>	<b>5,38,93,472</b>	<b>5,83,42,998</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### SCHEDULE-U:

- 1. BASIS OF CONSOLIDATION:** The consolidated financial statements of the company together with its wholly owned subsidiary Nelcast USA Inc., have been prepared under historical cost convention, on accrual basis, to comply, in all material respect, with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

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

All material inter company balances and inter company transactions resulting in unrealized profit/losses are eliminated in full in consolidation. The following are the details of the company's wholly owned subsidiary.

Name of the Subsidiary	Country of Incorporation	Nature of Interest	% of Interest	Accounting year
Nelcast USA Inc	U.S.A.	Subsidiary	100%	31 <sup>st</sup> March

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

**3. RELATED PARTY DISCLOSURE:**

Related Party Disclosure :

Disclosure as required by the Accounting Standard 18 on "Related Party Disclosures" are given below:

**(a) List of Related Parties (F.Y. 2010-11):**

<b>Subsidiary Company:-</b>	<b>Nelcast USA Inc</b>
<b>Associate Company:-</b>	<b>NC Energy Limited Nelcast Energy Corporation Limited</b>

- Key Management Personnels:-**
1. Mr. P. Radhakrishna Reddy, *Chairman*
  2. Mr. S. Radhakrishnan, *Managing Director*
  3. Mr. P. Vijaya Bhaskar Reddy, *Deputy Managing Director*

**(b) Transactions with related parties (F.Y. 2010-11):**

Nature of Transactions	Subsidiary Company Rs.	Associate Company Rs.	Key Management Personnel Rs.
Managerial Remuneration	-	-	1,15,81,161
Reimbursement of Expenses	2,80,56,707	-	-
Balance Outstanding Dr / (Cr.)	10,87,423	-	-
Investment in Shares	-	139,43,00,000	-
Share Application Money	-	2,10,00,000	-
Sale of Land	-	47,34,20,742	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Contd.)**

**(a) List of Related Parties (F.Y. 2009–10):**

**Subsidiary Company:-** Nelcast USA Inc

**Associate Company:-** Nelcast Energy Corporation Limited

**Key Management Personnel:-** 1. Mr.P.Radhakrishna Reddy, *Chairman and Managing Director*  
2. Mr. P. Vijaya Bhaskar Reddy, *Deputy Managing Director*

**(b) Transactions with related parties (F.Y. 2009–10):**

Nature of Transactions	Subsidiary Company Rs.	Associate Company Rs.	Key Management Personnel Rs.
Managerial Remuneration	–	–	63,36,000
Reimbursement of Expenses Balance Outstanding Dr / (Cr.)	2,99,21,543 (22,50,309)	– –	– –
Investment in Shares	–	1,50,000	–
Share Application Money	–	88,12,706	–

**4. Provisions, Contingent Liabilities and Contingent Assets:**

	<u>31.03.2011</u>	<u>31.03.2010</u>
	<b>Rs.</b>	<b>Rs.</b>
(a) Contingent liability not provided for on account of Letters of Credit/Bank Guarantee	<b>25,00,000</b>	1,27,43,200
(b) Estimated amount of contracts remaining to be executed on Capital Account and not provided for	<b>4,00,84,400</b>	2,06,21,000

5. Figures for the previous year have been regrouped and reclassified wherever necessary to be in conformity with the figures for the current period.

**Signatures to Schedules A to U**

*As per our report of even date*

***For and on behalf of the Board***

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

P. Radhakrishna Reddy  
Chairman

S. Radhakrishnan  
Managing Director

D.Sesha Reddy  
Director

**A.V.REDDY**

*Partner*

Membership No. 23983

Firm Regn. No. 003256S

Place : Hyderabad

Date : 13.05.2011

A. Balasubramanian  
Director

S.K. Sivakumar  
Chief Financial Officer &  
Company Secretary

P. Vijaya Bhaskar Reddy  
Dy. Managing Director

Place : Chennai

Date : 13.05.2011





Registered Office: 34, Industrial Estate, Gudur - 524 101, Andhra Pradesh.

**ATTENDANCE SLIP**

**29TH ANNUAL GENERAL MEETING**

Name	Date : 06.08.2011
Address	Time : 10.30 a.m.
DP ID	P.V.R. KALAYANAMANDAPAM, Near R.T.C. Bus stand, Gudur - 524101. Andhra Pradesh.
Client ID	

I hereby record my presence at the 29th Annual General Meeting

Signature of the Member / Proxy .....

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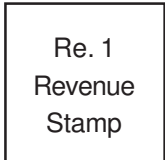
Registered Office: 34, Industrial Estate, Gudur - 524 101, Andhra Pradesh.

**FORM OF PROXY**

I / We .....of ..... being a Member of **NELCAST LTD.**, hereby appoint .....of ..... or failing him .....of .....as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 29th Annual General Meeting of the Company, to be held on Saturday, the 6th August 2011 and at any adjournment thereof.

Signed this ..... Day of ..... 2011.

Signature/s .....



.....

**Note:** This form duly completed should be deposited at the Regd. Office/Office of the Company's Share Transfer Agents M/s. BIGSHARE Services Pvt. Ltd., E-2, Ansa Indl. Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai-400 072, not less than 48 hours before the time for holding the meeting. A proxy need not to be a member.



20th June, 2011

Dear Shareholder,

Pursuant to the “green initiative” in Corporate Governance initiated by the Ministry of Corporate Affairs (MCA) vide its Circular No.17/2011 dated 21/4/2011 and also in response to the suggestions made by many shareholders in the past, the Company has proposed to send the Notice/Annual Report/documents through electronic mode to such of the shareholders who have furnished their e-mail ids.

This you will appreciate, facilitates fast and secured communication besides contributing to improved environment.

In order to avail the benefits in receiving the aforesaid documents in electronic form, please update your E-mail ID, in the Demat Account by contacting your Depository Participant (DP). The E-mail ID updated in the Demat Account would be used for sending Notice / Annual Reports / documents through electronic mode. These documents will also be available on the Company’s website **www.nelcast.com**

In case, you wish to receive the above documents in physical form, please inform to the below mentioned E-mail ID of our Registrar and Share Transfer Agent (RTA), Bigshare Services Pvt. Ltd. Please quote the Company Name, your Demat Account No. [DP ID No. and Client ID No.] in your reply.

E-mail ID of our RTA : nelcast@bigshareonline.com

*Thanking you,*

Yours faithfully,

For Nelcast Limited

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

### **Nelcast Limited**

**Registered Office:** 34, Industrial Estate, Gudur - 524 101, Andhra Pradesh.

**Administrative Office:** 159, T.T.K. Road, Alwarpet, Chennai - 600 018.

Phone: +044 - 2498 3111, Fax : +044 - 2498 2111, E-Mail : nelcast@nelcast.com Website: www.nelcast.com

