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# STEELCAST LIMITED

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26TH ANNUAL REPORT  
1996 - 97



## STEELCAST LIMITED

### BOARD OF DIRECTORS

|                        |                      |
|------------------------|----------------------|
| Shri M. C. Bhatt       |                      |
| Shri I. F. Tamboli     |                      |
| Shri B. F. Tamboli     |                      |
| Shri B. T. Doshi       |                      |
| Shri R. J. Shah        |                      |
| Shri Vimal V Dave      | (Nominee Director)   |
| Shri K. K. Kripalani   | (Nominee Director)   |
| Shri M. F. Tamboli     | (Managing Director)  |
| Shri T. Kumar          | (Executive Director) |
| Shri Chetan M. Tamboli | (Executive Director) |

### MANAGER (FINANCE) & COMPANY SECRETARY

Shri R. Sethumadhavan

### BANKERS

Bank of India

### LEGAL ADVISORS

J. S. Parikh & Co., Bhavnagar.

### AUDITORS

Sanghavi & Company  
Chartered Accountants

### REGISTERED OFFICE & WORKS

Ruvapari Road  
BHAVNAGAR, GUJARAT, INDIA - 364 005

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## STEELCAST LIMITED

RUVAPARI ROAD, BHAVNAGAR-364 005

NOTICE IS HEREBY GIVEN THAT THE TWENTYSIXTH ANNUAL GENERAL MEETING OF STEELCAST LIMITED WILL BE HELD ON TWENTY FOURTH DAY OF NOVEMBER, 1997 AT HOTEL NILAMBAG PALACE, BHAVNAGAR AT 1600 HOURS to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Company's Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date together with Schedules annexed thereto as well as Directors' Report and Auditors' Report attached/annexed therewith.
2. To declare dividend for the financial year 1996-1997.
3. To appoint a Director in the place of Shri M. F. Tamboli, who retires by rotation as Director as at this meeting, but being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri I. F. Tamboli, who retires by rotation as Director as at this meeting, but being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Shri B. T. Doshi who retires by rotation as Director as at this meeting, but being eligible, offers himself for re-appointment.
6. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix remuneration.

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By Order of the Board of Directors

Bhavnagar,

R. Sethumadhavan

Dated : October 3, 1997

MANAGER (FINANCE) & COMPANY SECRETARY

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

2. Members are requested to notify immediately any change in their address to STEELCAST LIMITED, Ruvapari Road, Bhavnagar, Gujarat 364 005 and quote their Folio Number in all their correspondence
3. Members are requested to bring their copy of Annual Report to the meeting and produce attendance slip at the entrance where Annual General Meeting will be held.
4. Register of Members and Share Transfer Books of the Company will be closed from 20th November 1997 to 24th November 1997 (both days inclusive.)
5. If the dividend on shares as recommended by the Board of Directors is declared at the Meeting payment thereof will be made to those shareholders whose names are on the Register of Members of the Company on 24th November, 1997.

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## D I R E C T O R S '   R E P O R T

To

Members

Your Directors have pleasure in submitting the 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS :

The following are the working results :

|   | 1996-97<br>Rs. In Lacs | 1995-96<br>Rs. in Lacs |
|---|------------------------|------------------------|
| Total Income  | 2639.92                | 2467.12                |
| Profit before Depreciation                                | 141.19                 | 115.79                 |
| Profit before taxation amounted to                        | 85.18                  | 46.83                  |
| Less : Taxation   | 12.00                  | Nil                    |
| Leaving Net Profit after tax                              | 73.18                  | 46.83                  |
| Adding (Deducting) there to :                             |                        |                        |
| - Balance brought forward from last balance sheet         | 3.99                   | 3.99                   |
| - Prior period adjustments                                | (10.99)                | (4.87)                 |
| - Excess (short) provisions in earlier years              | Nil                    | Nil                    |
| Making a total of which has been appropriated as follows: | 66.17                  | 45.95                  |
| (a) Proposed dividend                                     | 26.96                  | 26.96                  |
| (b) Corporate Dividend Tax                                | 2.70                   | Nil                    |
| (c) General reserve                                       | 20.00                  | 15.00                  |
| Leaving a balance to be carried forward                   | 16.51                  | 3.99                   |
| Total   | 66.17                  | 45.95                  |

### 2. REVIEW OF OVERALL PERFORMANCE :

The total income during the year under review aggregated to Rs.26.40 crores as against the figure of Rs. 24.67 crores in the previous year thereby showing an increase of 7.01%. Company has achieved profit before taxation of Rs. 85.18 lacs compared to the previous year figure of Rs. 46.83 lacs showing an increase of 81.93%. In spite of severe power cut prevailing in Gujarat, increase in power Tariff, load shedding etc, the Company could increase profitability only due to better product mix, Energy conservation and implementation of cost reduction programmes. As per the provision of Minimum Alternative Tax, provision for taxation has been kept at Rs. 12 lacs.

### 3. EXPORTS :

Our exports during the year 1996 - 1997 were to the tune of Rs. 185.42 lacs compared to the previous year figure of Rs. 124.16 lacs thereby showing an increase of 49.40%. In spite of the competition in the global market and also withdrawal of the IPRS Scheme by Government we were able to enhance our exports only due to the strict quality norms which we adhere since inception of the Company. Orders from Kurimoto and also their contribution towards improving the quality have helped us in improving

the exports. However, during the current year we have decided to concentrate in domestic market because of the lower pricing in the overseas market and also increase in requirements of our existing customers in India.

#### 4. QUALITY :

Periodic Review of ISO 9002 Systems is undertaken in all areas in order to achieve highest quality norms to the satisfaction of our customers.

#### 5. DISCLOSURE OF PARTICULARS WITH RESPECT TO THE TECHNOLOGY ABSORPTION : RESEARCH AND DEVELOPMENT (R & D)

##### (A) Specific areas in which R & D carried out by the Company :

R & D work was carried out in the following areas :

- i Product development.
- ii Process improvement and introduction of new processes to meet the emerging market needs:
- iii Development of new specifications to meet the emerging market needs.

##### (B) Benefits derived as a result of the above R & D :

- i Cost Reduction :
- ii More effective service to the customers and widening our market.
- iii Improved employee morale.

##### (C) Future Plan of action :

All our efforts and actions will continue in the same broad directions. Areas are being identified and will be taken up for implementation during the coming years.

##### (D) Expenditure on R & D :

|                              |                 |
|------------------------------|-----------------|
| (i) Capital                  | : Nil           |
| (ii) Recurring               | : Rs.3.97 lacs  |
| (iii) Total                  | : Rs. 3.97 lacs |
| (iv) Total R & D expenditure | : Rs.0.39%      |
| as a percentage of           |                 |
| total turnover               |                 |

##### (E) Technology absorption, adaptation and innovation :

- a. Efforts, in brief, made towards technology absorption, adaptation and innovation :-  
We have trained our technical personnel both in India and at the works of our collaborators and they have attained the latest technical skills. Our R&D Division is also having a close interaction with our collaborators for the transfer and absorption of know-how.
- b. Benefits derived as a result of the above efforts.  
Product improvement, cost reduction, product development, import substitution, etc.

#### 6. ENERGY CONSERVATION :

The Company has an in-house Energy Conservation Department and following measures have been taken for Energy Conservation during the year under review :

- i. Saving in gas by change in process.

ii. Saving in furnace oil by change in process.

**7. FOREIGN EXCHANGE EARNING & OUTGO :**

- |  |                   |
|--|-------------------|
| (a) Earning : Exports - FOB value  | : Rs.182.80 lacs. |
| (b) Foreign exchange outgo related to Technical Collaborations, Membership, Fees Purchase of Materials, etc. | : Rs. 98.01 Lacs. |
| (c) Net Earning.   | : Rs. 84.79 Lacs  |

**8. DIVIDEND :**

Your Directors recommend payment of dividend on equity capital @ 7.5 % for the year ended March 31, 1997 subject to approval of shareholders at the 26th Annual General Meeting.

**9. FIXED DEPOSITS :**

Fixed Deposits at the close of the year amounted to Rs. 98.97 lacs. The Deposits, which have matured during the year, were repaid on their due dates.

**10. INDUSTRIAL RELATIONS :**

Industrial relations during the year were satisfactory and we expect to continue the same in future also.

**11. INSURANCE :**

All the properties and insurable interest of the Company, including Building, Plant & Machinery, Stocks wherever necessary and to the extent required have been adequately covered.

**12. PERSONNEL :**

Particulars on Employees under section 217 (2A) of the companies Act 1956 are not annexed since there is no employee whose salary exceeds the limit prescribed under the said section.

**13. DIRECTORS :**

Shri I.F. Tamboli, Shri M.F. Tamboli and Shri B.T. Doshi retire by rotation as required by the Companies Act 1956, and are eligible for re-appointment.

**14. ANNUAL GENERAL MEETING :**

Your Directors wish to inform you that as per the provisions of Company's Act Annual accounts has to be adopted in the Annual General Meeting of shareholders within six months from the Financial Year ending, i.e. by 30th September 1997. We have requested necessary permission from Financial Institutions for declaring dividend and also reschedulement of future installments. After examining our proposal carefully Financial Institutions have been kind enough to grant us reschedulement of the installments and also permission for declaring the dividend, which was received by us during September 1997. Hence there was delay in fixing the date of Annual General Meeting and in advance we have obtained consent from Registrar of Companies and they have given the extension upto 25th November 1997.

**15. AUDITORS :**

Auditors. M/s. Sanghavi & Co., hold office till the conclusion of the ensuing General Meeting and



having furnished the required Certificate u/s. 224 (1B) of the Companies Act. 1956, are eligible for reappointment. Board recommends their appointment.

#### 16. AUDITORS' REPORT :

The notes on Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

#### 17. APPRECIATION :

- a) Your Directors acknowledge with gratitude the co-operation and assistance given by Financial Institutions, Banks, Stock Exchanges and shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executives, staff and workmen of the Company.
- b) The Company sincerely appreciates and thanks the Management of M/s. Kurimoto Ltd., Japan for all the technical and managerial assistance given by them to our Company during the last year.

#### 18. INFORMATION AS REQUIRED UNDER CLAUSE 41 OF THE LISTING AGREEMENT :

##### Comparison of profitability projections with actuals.

Given below are the projections as reported in the Company's Prospectus dated 08.12.1993 with corresponding figures of actuals as per audited accounts for the year ended 31-03-1997

| Description       | Projections<br>(Rs. in Lacs) | Actual<br>(Rs. in Lacs) |
|-------------------|------------------------------|-------------------------|
| Total Income      | 3914.02                      | 2639.92                 |
| Profit before Tax | 528.67                       | 85.18                   |
| Profit after Tax  | 316.58                       | 73.18                   |

Profit before Tax as per projections could not be achieved during the year mainly due to (a) Power cut and Load Shedding. (b) Adverse situation in the domestic market. (c) Export pricing becoming uncompetitive due to withdrawal of IPRS by Govt. of India without any alternative Scheme.

For and on behalf of the Board

**M.F. TAMBOLI**  
**MANAGING DIRECTOR**

Place : Bhavnagar  
Dated : October 3, 1997