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COMPANY**

STEELCAST LIMITED

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**29TH ANNUAL REPORT
1999-2000**

STEELCAST LIMITED

BOARD OF DIRECTORS

Shri L. F. Tamboli	
Shri M. F. Tamboli	(Managing Director)
Shri B. F. Tamboli	
Shri B. T. Doshi	
Shri T. Kumar	(Executive Director)
Shri M. C. Bhatt	
Shri R. J. Shah	
Shri K. K. Kripalani	(Nominee Director)
Shri Chetan M. Tamboli	(Joint Managing Director)

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

RUVPARI ROAD, BHAVNAGAR - 364 005.

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH ANNUAL GENERAL MEETING OF STEELCAST LIMITED WILL BE HELD ON 19TH DAY OF AUGUST, 2000 AT HOTEL NILAMBAG PALACE, BHAVNAGAR AT 1600 HOURS, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the the Balance Sheet at March 31, 2000 and Profit & Loss Account for the year ended on that date and the report of the Board Directors and Auditors thereon.
2. To declare the Dividend.
3. To appoint a Director in place of Shri M.F. Tamboli who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. I. F. Tamboli who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri B. T. Doshi who retires by rotation and 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 their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

" RESOLVED THAT pursuant to sections 198, 269, 309, 310 and all other applicable provisions, if any of the Companies Act, 1956, as amended and subject to approval of the members in their ensuing General Meeting, the Company hereby accords its approval to the re-appointment of Shri T. Kumar as Whole Time Director with the title "EXECUTIVE DIRECTOR", of the Company at the remuneration and upon such terms and conditions as contained in the draft agreement to be entered into between the Comapny and Shri T. Kumar, a draft whereof, initialled by the Chairman of the meeting for the purpose of identification, is placed before the meeting."

" RESOLVED FURTHER THAT the Board of Directors or the Managing Director on behalf of the Board, be and are hereby authorised to alter and vary the aforesaid remuneration payable to whole Time Director of the Company so long as the same is in conformity with the provisions of the Schedule XIII of the Companies Act, 1956, as amended."

"RESOLVED FURTHER THAT Shri M. F. Tamboli and Shri C. M. Tamboli, Directors of the Company be and are hereby authorised severally to execute and sign the Agreement, including any supplementary agreements as may be required at a future date, on behalf of the Company with Shri T. Kumar and the common seal of the Company be affixed on the said agreement in the presence of any one of the above named Directors."

BY ORDER OF THE BOARD OF DIRECTORS

Bhavnagar.
Date : May 28, 2000

CHETAN M. TAMBOLI
JOINT MANAGING DIRECTOR

Notes :

1. A member entitled to attend and vote at the above meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Register of Members shall remain closed from 13.08.2000 to 19.08.2000 (both days inclusive).
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business at item No. 7 of the Notice is annexed hereto.
4. Members are requested to notify change of address, if any.
5. Members desiring any information pursuant to an item on the Agenda are requested to write to the Company well in advance so as to enable the management to keep the information available at the meeting.
6. Dividend, if sanctioned at the meeting, will be payable to the members whose names appear on the Company's Register of Members on 19.08.2000.

Annexure to the notice dated May 28, 2000**EXPLANATORY STATEMENT**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

In conformity with the provisions of section 173 (2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No. 7 :

Ordinary Resolution as mentioned in item No. 7 relates to re-appointment of Shri T. Kumar as Whole Time Director with the title "Executive Director", of the Company for a further period of five years effective from September 1, 2000 according to the provisions of Schedule XIII of the Companies Act, 1956 as amended.

Shri T. Kumar has been associated with the Company as a Wholetime Director with the title of Executive Director from September 22, 1979 onwards. Before becoming Executive Director he held various positions in the Company from time to time. His last appointment was as an Executive Director in pursuance of the Provisions under Schedule XIII of the Companies Act, 1956, from 1st September 1995 for a period of five years and the shareholders had approved the said appointment on 24th June, 1995. His present term is expiring on 31st August, 2000.

Considering his rich and wide ranging experience in the foundry industry as well as long term association with the Company and taking into account his valuable contribution towards the growth of the company, it is desirable to appoint Shri T. Kumar as a Whole Time Director of the Company with the title of EXECUTIVE DIRECTOR for a period of five years from 1st September, 2000.

The Draft Agreement duly initialled by the Chairman, for the purpose of indentification, is available for inspection at the Registered Office of the Company on working day between 2.00 PM and 5.00 PM.

The material terms of the re-appointment and remuneration payable to the Whole Time Director, which are substantially a continuation of the exsisting terms, subject to approval of the members are as follows.

- | | | | |
|-----|--------------------------|---|--|
| 1.0 | Period of Re-appointment | : | Five years, effective from September 1, 2000. |
| 2.0 | Nature of Duties | : | As assigned by the Board of Directors from time to time. |
| 3.0 | Remuneration | | |
| 3.1 | Salary | : | Rs. 27,000/- per month in the scale of Rs. 25,000 |

STEELCAST LIMITED

Ruvapari Road, Bhavnagar - 364 005

ADDITIONAL AGENDA MATTER FORMING PART AS SPECIAL BUSINESS OF THE NOTICE OF THE TWENTY NINTH ANNUAL GENERAL MEETING DATED MAY 28, 2000, OF THE MEMBERS OF STEELCAST LIMITED, SCHEDULED TO BE HELD ON SATURDAY THE 19TH AUGUST, 2000 AT HOTEL NILAMBAG PALACE, BHAVNAGAR AT 1600 HOURS.

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

"RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any of the Companies Act, 1956, Shri V. B. Buch be and is hereby appointed as Director of the Company liable to retire by rotation."

NOTE : The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the above referred Special Business is annexed hereto.

BY ORDER OF THE BOARD OF DIRECTORS

Bhavnagar

Date : July 24, 2000

CHETAN M. TAMBOLI

JOINT MANAGING DIRECTOR

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 8 OF THE NOTICE. (ADDITIONAL AGENDA MATTER)

Shri V. B. Buch has been appointed as Additional Director on the Board of the Company by the Board of Directors at their meeting held on July 24, 2000. The term appointment of Shri V.B. Buch as Additional Director will expire on the day of ensuing Annual General Meeting. Pursuant to provisions of Section 257 of the Companies Act, 1956, the Company has received a Notice from one of the members of the Company signifying his intention to propose Shri V. B. Buch as a candidate for the Office of Director of the Company.

Shri V. B. Buch is having vast experience in the fields of Finance, Trade, Commerce and Industry. It will be in the interest of the Company that Shri V. B. Buch be appointed as a Director of the Company.

The Directors recommend the appointment of Shri V. B. Buch as a Director of the Company.

Except Shri V. B. Buch, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Bhavnagar

Date : July 24, 2000

CHETAN M. TAMBOLI

JOINT MANAGING DIRECTOR

- 1000-35000/- with the future increments due on 1st April every year hereafter.
- 3.2 Commission : 1% on the net profits if any, in the financial year subject to a maximum of 40% of Annual Salary or Rs.90,000/- whichever is less.
- 3.3 Perquisites and Benefits : In addition to the salary and commission, perquisites in respect of the following will be allowed.

Part A:

- i) Conveyance allowance : Rs. 3,000/- per month towards expenses incurred on conveyance in relation to Company's work.
- ii) Medical reimbursement : Expenses incurred for Executive Director and his family at actuals as per Company's Rules.
- iii) Leave Travel Concession : Executive Director and his family, once in a year in accordance with Company's rules.
- iv) Fees of Clubs : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) Mediclaim & Personal Accident Insurance : As applicable to other Executive of the Company and in accordance with the company's policy.

Family means : Spouse, dependent children and dependent parents.

Part B:

- i) Provident Fund : Provident Fund as applicable to other Executives of the Company.
- ii) Gratuity Fund : Gratuity as applicable to other Executives of the Company.
- iii) Superannuation Fund : Superannuation as applicable to other Executives of the Company.

Part C:

Provision of telephone at the residence will not be considered as perquisite. Personal long distance calls on telephone shall be billed by the Company to the Director.

The Board of Directors recommend the resolution for your approval. Further, None of the Directors is interested in the above resolution.

The explanatory statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, as amended, of the agreement to be entered into between the Company and the Whole Time Director, Shree T. Kumar.

BY ORDER OF THE BOARD OF DIRECTORS

Bhavnagar.
Date : May 28, 2000

CHETAN M. TAMBOLI
JOINT MANAGING DIRECTOR

DIRECTORS' REPORT

To :

Members

Your Directors have pleasure in submitting the 29th Annual Report together with the Audited Statement of Accounts for the year ended 31st march 2000.

1. FINANCIAL RESULTS

The following are working results :-

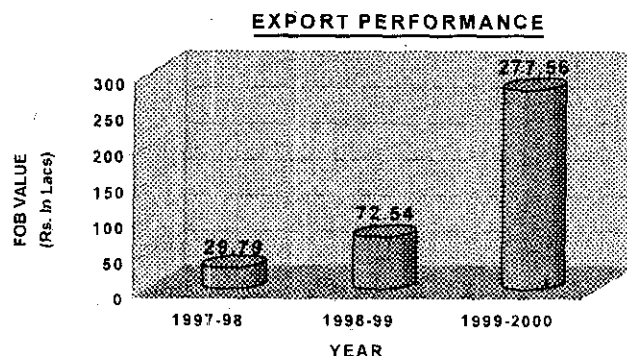
	1999-00 (Rs. in lacs)	1998-99 (Rs. in lacs)
Total Income	1825.70	2670.13
Profit before Depreciation	31.04	119.02
Profit before Taxation	(156.75)	(69.63)
Less : Taxation	Nil	Nil
Net Profit after Tax	(156.75)	(69.63)
Add: Balance brought forward from last year	(62.64)	20.96
Add: Prior Period adjustments	(10.58)	(13.97)
Total :	(229.97)	(62.64)
Appropriation :		
(a) Proposed Dividend	Nil	Nil
(b) Corporate Dividend Tax	Nil	Nil
(c) General Reserve	Nil	Nil
Balance to be Carried Forward	(229.97)	(62.64)
Total	(229.97)	(62.64)

2. REVIEW OF OVERALL PERFORMANCE

- a) In spite of drastic reduction in personnel costs and other cost reduction and energy conservation measures, the losses have increased by over Rs.87.12 lacs over the previous year. Various cost reduction measures have arrested further losses for the year.
- b) The total income during the year under review aggregated to Rs. 1825.70 as against Rs.2670.13 lacs in the previous year, thereby showing a decrease of 32% over the previous year.
- c) In spite of lower sales/income from operations, in Q4 of 1999-2000 cash profit has increased by Rs. 44.11 lacs over Q4 of 1998-1999. This is due to a drastic reduction in personnel cost, other costs in the Company and better value added products manufactured in the Company.
- d) The Company has ongoing well established Cost Reduction and Energy Conservation programmes which have yielded more than Rs.75 lacs during the year over the previous year.
- e) While there was no apparent increase in power tariff by GEB during the year, the power cost had gone up by way of Fuel Cost Adjustment Charges, to the tune of Rs.10.05 lacs over the previous year.
- f) Lower demand due to domestic demand recession, stiff competition in the domestic market, etc. the Company was forced to keep prices lower, which resulted in price reduction of over Rs.80.00 lacs. For information, previous year price reduction were over Rs.71.00 lacs.
- g) Further reduction in other costs like power, personnel, etc. was not possible as they were controlled by public sector, Govt., etc.
- h) Apart from a difficult market situation, the above are the reasons as to why the Profit Before Tax has declined to Rs.156.75 (loss) as compared to Rs.69.63 lacs (loss) in the previous year.

3. EXPORTS

We have achieved an export turnover of Rs. 277.56 lacs during the year as compared to the previous year figure of Rs.72.54 lacs, an increase over 300%. We are strengthening our export efforts towards developing further export markets.



4. QUALITY

We are constantly reviewing our ISO 9002 System in all the areas in order to maintain and improve high quality standards built up over the years.

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

- (a) Specific areas in which R & D was carried out by the company
 - 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) Benefit 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	:	Rs.	Nil lacs
ii) Recurring	:	Rs.	14.50lacs
iii) Total	:	Rs.	14.50lacs
iv) Total R & D Expenditure as a percentage of total turnover	:		0.80%
- (e) Technology absorption, adaptation and innovation
 - i) 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 of absorption of know-how.
 - ii) Benefits derived as a result of the above efforts :
 Product improvement, Cost Reduction, Product development, Import substitution, etc.