



**AN
ISO 9002
COMPANY**

STEELCAST LIMITED

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**30TH ANNUAL REPORT
2000-2001**

STEELCAST LIMITED**BOARD OF
DIRECTORS**

Shri I. F. Tamboli
Shri M. F. Tamboli (Managing Director)
Shri B. F. Tamboli
Shri T. Kumar (Executive Director)
Shri R. J. Shah
Shri V. B. Buch
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

RUVAPARI ROAD, BHAVNAGAR - 364 005.

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF STEELCAST LIMITED WILL BE HELD ON 27th DAY OF AUGUST, 2001 AT HOTEL NILAMBAG PALACE, BHAVNAGAR AT 1600 HOURS, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2001 and Profit & Loss Account for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B. F. Tamboli who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri T. Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. 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, the Company hereby accords its approval to the re-appointment of Shri Chetan M. Tamboli as Whole Time Director with the title "JOINT MANAGING 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 Company and Shri Chetan M. Tamboli, 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 be and is 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 T. Kumar, 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 Chetan M. Tamboli and the common seal of the Company be affixed on the said agreement in the presence of any one of the above named Directors."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions of Securities & Exchange Board of India/Stock Exchange(s), as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which shall include any Committee thereof for the time being exercising the powers conferred on the Board to delist its Equity Share from the Delhi Stock Exchange Association Limited and The Stock Exchange, Ahmedabad."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered, amended and modified in the manner following :

A. The existing Interpretation Clause - Article No. 2 of the Articles of Association be amended in the following manner :

1. After the definition of "The Act" the following definition of the words "Beneficial Owner" be inserted.

"Beneficial Owner"

Any holder of the shares who holds the shares for the benefit of others or on behalf of others and

- includes the Depository who holds the shares in the dematerialised form.
2. **After the definition of "The Board or Board of Directors" the following definition of the word "Depository" be inserted.**
"Depository"
 A Depository means and includes any person/company/body corporate registered as depository with SEBI or any other Government Agency as per the provisions of the Depositories Act, and regulations for the time being in force.
 3. **After the definition of "Seal" the following definition of the word "SEBI" be inserted.**
"SEBI" means the Securities and Exchange Board of India, a body established under the provisions of the Securities and Exchange Board of India Act, 1992.
 - B. **The following Articles be inserted as Article No. 15A, Article No. 15B and Article No. 15C after existing Article No. 15 of the Articles of Association.**
15 (A). Meaning of Depository of Shares And Securities.
 For the purpose of Articles 15B and 15C appearing hereunder
 - (a) The Depositories Act shall mean Depositories Act, 1996, and includes any statutory modifications or re-enactment thereof for the time being in force.
 - (b) Depository shall have the meaning assigned thereto by The Depositories Act.**15 (B)**
 Powers of the Company to Dematerialize or Rematerialize the Certificates of any Holders of Shares, Debentures or any Securities with the depositories.
 Notwithstanding anything contained in these Articles, the company shall have powers to dematerialize its shares, debentures and other securities, to rematerialize the same and to offer and issue new shares, debentures or other securities in a dematerialized form in accordance with the provisions of the Depositories Act. The rights and obligations of the concerned parties in respect of the shares, debentures and other securities in the dematerialized form, and all matters connected therewith and/or incidental thereto shall be governed by the provisions of the Depositories Act and the relevant provisions of the Act.
15 (C)
 Holding of Securities in Dematerialised Form with Depositories and the beneficial owner recorded with depositories rights.
 Notwithstanding anything contained in these Articles, every person subscribing to or holding shares, debentures and other securities of the Company shall have the option to receive certificates therefore or to hold the same with a Depository in dematerialized form. A beneficial owner, i.e. a person whose name is recorded as such in a Depository in respect of the securities, can at any time opt out of the Depository, if permitted by law, and in such a case the Company shall, in the manner and within the time as prescribed, issue the required certificates in respect of the subject securities to the beneficial owner."

BY ORDER OF THE BOARD OF DIRECTORS

Bhavnagar.

Date : May 31, 2001

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 16.08.2001 to 22.08.2001 (both days inclusive).
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business at item No. 5, 6 and 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.

Annexure to the notice dated May 31, 2001**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. 5 :

Ordinary Resolution as mentioned in item No. 5 relates to re-appointment of Shri Chetan M. Tamboli as Whole Time Director, with the designation "JOINT MANAGING DIRECTOR", of the Company for a further period of five years effective from September 1, 2001 according to the provisions of Schedule XIII of the Companies Act, 1956 as amended.

Shri Chetan M. Tamboli has been associated with the Company as a Wholetime Director from 01.09.1991. Before becoming Wholetime 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 September 1, 1996 for a period of five years and the Shareholders had approved the said appointment on 18.09.1996. In view of the nature of duties being discharged by Shri Chetan M. Tamboli and upon the powers vested by the shareholders, the Board of Directors has redesignated his appointment with the designation "JOINT MANAGING DIRECTOR" with effect from January 1, 1998. His present term is expiring on August 31, 2001.

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 Chetan M. Tamboli as a Whole Time Director of the Company with the designation JOINT MANAGING DIRECTOR for a period of five years from 1st September, 2001.

The Draft Agreement duly initialled by the Chairman, for the purpose of identification, 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 existing terms, subject to approval of the members, are as follows.

- | | | | |
|-----|--------------------------|---|--|
| 1.0 | Period of Re-appointment | : | Five years, effective from September 1, 2001. |
| 2.0 | Nature of Duties | : | Responsibility for the overall management of the day to day affairs of the Company under the guidance and superintendence of the Managing Director and Board of Directors. |
| 3.0 | Remuneration | | |
| 3.1 | Salary | : | Rs. 28,000/- per month in the scale of Rs. 25,000-1000-35000/- with the future increments due on 1st April every year hereafter. |
| 3.2 | House Rent Allowance | : | Rs. 2,000 per month. |
| 3.3 | Commission | : | 1% on the net profits, if any, in the financial year subject to a maximum of 50% of Annual Salary or Rs.90,000/- whichever is less. |
| 3.4 | Perquisites and Benefits | : | In addition to the salary and commission, perquisites in respect of the following will be allowed. |

CATEGORY A:

- | | | | |
|------|--------------------------------|---|---|
| i) | Medical reimbursement | : | Reimbursement of medical expenses for self and family at actuals as per Company's Rules. |
| ii) | Leave Travel Concession | : | Joint Managing Director and his family, once in a year in accordance with Company's rules. |
| iii) | Fees of Clubs | : | Subject to a maximum of two clubs. This will not include admission and life membership fees. |
| iv) | Mediclaime & Personal Accident | : | As applicable to other Executives of the Company and Insurance in accordance with the Company's policy. |

Family means : Spouse, dependent children and dependent parents.

CATEGORY B:

- | | | | |
|-----|----------------|---|---|
| i) | Provident Fund | : | As applicable to other Executives of the Company. |
| ii) | Gratuity Fund | : | As applicable to other Executives of the Company. |

iii) Superannuation Fund : As applicable to other Executives of the Company.

CATEGORY 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.

i) Other Benefits : As applicable to other Executives of the Company.

The Board of Directors recommend the resolution for your approval. Shri I. F. Tamboli, Shri M. F. Tamboli, Shri B. F. Tamboli and Shri Chetan M. Tamboli are interested Directors to the above resolution. None of the other Directors are 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, Shri Chetan M. Tamboli.

Item No. 6 :

Presently the Equity Shares of the Company is listed on the following four Stock Exchanges in India :

- | | |
|------------------------------------|--|
| i) The Stock Exchange, Mumbai, | ii) The Delhi Stock Exchange Association Ltd., |
| iii) The Stock Exchange, Ahmedabad | iv) Saurashtra Kutch Stock Exchange Limited. |

With the networking of centres of The Stock Exchange, Mumbai, the members of the Company have access to online dealings in the Company's share across the country. A miniscule number of members are located in the regions where the The Delhi Stock Exchange Association Limited and the The Stock Exchange, Ahmedabad are situated and trading volume on the said Stock Exchanges in the Company's equity share is negligible.

Moreover, Company's equity share is one of the Scrips which Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified for settlement only in demat form by all investors effective from April 30, 2001 and the Company has already initiated process of Dematerialization. The proposed delisting of the Company's equity share on these Exchanges will not therefore adversely affect any investor including the members located in regions where the said Stock Exchanges are situated.

Further, Stock Exchanges in India with the permission of SEBI are now free to fix the prescribed listing fees unilaterally and it has been observed that the listing fees paid to the Stock Exchanges mentioned in preceding para are disproportionately higher and trading volumes are extremely low compared to the other Stock Exchanges.

As a part of its cost reduction measures, the Company has proposed delisting of its equity share from the said two Stock Exchanges in line with SEBI regulations for voluntary delisting of the Company's share.

The Board of Directors recommend the Resolution for your approval.

None of the Directors of the Company is interested or concerned in the proposed Resolution.

Item No. 7 :

In terms of the recent circular dated 30th March, 2001 issued by the Stock Exchange, Mumbai, all Securities listed on the said Stock Exchange and falling in the B2 Group shall be compulsorily dematerialized [D-met]. As the Company's Equity shares are falling in B2 Group of the said Stock Exchange, the Company is required compulsorily dematerialize its equity shares. The conversion of shares of the Company in D-met form will also facilitate the shareholders and prospective investors to transact / transfer shares in a much more easy manner as compared to the present mode of transfer of shares. This will also reduce the possibility of fraud in transfer of shares due to forged transfer applications, mis-placement of transfer applications / share certificates etc. It may also be noted that non-conversion of shares in D-met form will result in shifting of trading in shares of the Company to trade to trade basis.

As the shares of the Company are compulsorily required to be dematerialized as per the requirements of the Stock Exchange, Mumbai, it is proposed to amend, alter and modify the Articles of Association in a manner laid down in the resolution proposed in the Notice.

As per the provisions of Section 31 of the Companies Act, 1956, any alteration in Articles of Association of the Company requires consent of the shareholders by way of Special Resolution.

Hence the resolution.

The Directors recommend the resolution.

None of the Directors is concerned or interested in the resolution.

Bhavnagar.

Date : May 31, 2001

BY ORDER OF THE BOARD OF DIRECTORS
CHETAN M. TAMBOLI
JOINT MANAGING DIRECTOR

DIRECTORS' REPORT

To : Members

Your Directors have pleasure in presenting the Directors' Report and Audited statement of accounts of the Company for the year ended on March 31, 2001.

1. FINANCIAL RESULTS

The following are working results :

(Rupees)

	2000-2001	1999-2000
Total income	219,875,922	182,571,068
Profit before Depreciation	8,848,530	3,103,800
Less : Depreciation	18,681,545	18,779,001
Profit before Taxation	(9,833,015)	(15,675,201)
Less : Taxation	Nil	Nil
Net Profit after Tax	(9,833,015)	(15,675,201)
Add: Balance brought forward from last year	(22,996,670)	(6,263,759)
Add: Prior Period adjustments	(12,081)	(1,057,710)
Total.:	(32,841,766)	(22,996,670)
Appropriation :		
(a) Proposed Dividend	Nil	Nil
(b) Corporate Dividend Tax	Nil	Nil
(c) General Reserve	Nil	Nil
Balance to be Carried Forward	(32,841,766)	(22,996,670)
Total	(32,841,766)	(22,996,670)

2. OPERATIONS :

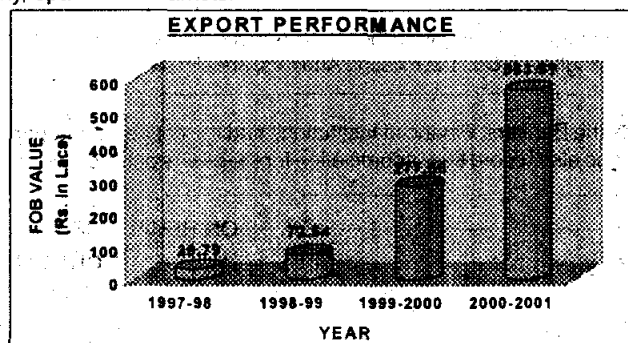
- a) Despite a difficult market situation, severe recession in domestic market and stiff competition from other countries in the export market, the total income during the year could be improved by 20% from Rs. 1825.71 lacs previous year, to Rs. 2198.76 lacs this year.
- b) As compared to previous year, the Company could reduce the losses by Rs. 58.42 lacs through its effective implementation of energy conservation and various cost reduction programmes in almost all the areas of operations of the Company.
- c) The above loss includes cost of Retrenchment / VRS compensation of Rs. 17.33 lacs.

3. DIVIDEND :

In view of the loss for the year under review, the Directors regret their inability to recommend payment of Dividend.

4. EXPORTS :

A redeeming feature of the year under report has been a quantum jump in exports which could be increased by two fold by vigorous marketing efforts. Besides its traditional market of Japan, your Company has been able to penetrate UK, Germany, Spain & US markets.



Although direct contribution of export sales has been modest, on account of highly competitive market environment, success on export front has established quality of the Company's products. The management is confident to strengthen this thrust on exports further in the current year.

5. TECHNOLOGY ABSORPTION :

Development of new items and process improvements continued during the year. The Company developed large number of highly intricate items demanding very high quality standards for export markets. This helped Company in achieving export growth rate over 100%.

6. 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.

7. FIXED DEPOSITS

The Fixed Deposits at the close of the year amounted to Rs.NIL (Rs. 11.16 lacs previous year). The Deposits, which have matured during the year, were repaid on due dates.

8. INSURANCE

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

9. DIRECTORS

During the year, two of the Directors, Shri M. C. Bhatt and Shri B. T. Doshi, have resigned from the Directorship. The Board of Directors places their deep appreciation concerning valuable contribution made by them during their tenure for the development and progress of the Company.

Also, nomination of Shri K. K. Kripalani has been withdrawn from the Board of Directors. The Board places its deep appreciation for valuable advices given by him for future growth of the Company.

Further, in view of continuing heavy loss to the Company, Shri M. F. Tamboli, MANAGING DIRECTOR and Shri Chetan M. Tamboli, JT. MANAGING DIRECTOR of the Company, decided not to accept any remuneration including contribution to Gratuity, Provident Fund and Superannuation Fund for the period 1st June 2000 to 31st March 2001. The Board of Directors convey its appreciation for the excellent gesture made by them.

Shri B. F. Tamboli and Shri T. Kumar retire by rotation as required by Company's Act 1956 and being eligible, offer themselves for re-election.

10. PERSONNEL

The industrial relations during the year have been cordial and we expect to continue the same in future also.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

DIRECTORS CONFIRM :

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- b) that the Directors selected prudent accounting policies.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual accounts on a going concern basis.

12. AUDITORS

The members will be requested at the forthcoming Annual General Meeting to appoint Auditors and fix their remuneration. M/s. Sanghavi & Co., the existing Auditors, are eligible for re-appointment.

13. APPRECIATION

The Directors thank the Bankers, Financial Institutions and the concerned Departments of the Government for their co-operation, and also record their appreciation for the efforts put in by the employees.

Registered Office :
Ruvapari Road, Bhavnagar.
Gujarat 364 005.

ON BEHALF OF THE BOARD OF DIRECTORS

CHETAN M. TAMBOLI
Jt. Managing Director

1 : May 31, 2001.