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ISO 9002
COMPANY

STEELCAST LIMITED

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31ST ANNUAL REPORT
2001-2002

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 THIRTY FIRST ANNUAL GENERAL MEETING OF STEELCAST LIMITED WILL BE HELD ON 18th DAY OF JULY, 2002 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, 2002 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 I. F. Tamboli who retires by rotation and being eligible, offers himself for re-appointment.
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 R. J. Shah who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri C. M. Tamboli 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 a **SPECIAL RESOLUTION.**

"RESOLVED THAT pursuant to section 314 and all other applicable provisions, if any, of the Companies Act, 1956, as amended, remuneration of Shri Piyush I Tamboli, MANAGER (OPERATIONS), son of Shri I. F. Tamboli, Director, be and is hereby revised as under :

- | | | |
|--|---|---|
| a) Basic Salary | : | Rs. 7,650/- per month |
| b) House Rent Allowance | : | Rs. 2,750/- per month |
| c) Conveyance Allowance | : | Rs. 950/- per month |
| d) Special Amount | : | Rs. 1,560/- per month |
| e) Scale, future increments & alteration in the above amounts. | : | As may be decided by the Board of Directors, or by the Managing Director / Joint Managing Director on behalf of the Board of Directors, from time to time, but not exceeding in the aggregate Rs. 20,000/- per month. |
| f) Other allowances and benefits shall be as applicable to other employees in the Company of a like level. | | |
| g) Title | : | As may be decided by the Managing Director / Joint Managing Director from time to time." |

Bhavnagar.

Date : May 13, 2002

BY ORDER OF THE BOARD OF DIRECTORS

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 12.07.2002 to 18.07.2002 (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.

Annexure to the notice dated May 13, 2002

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 / Special Resolution mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No. 7 :

Special Resolution as mentioned in item no. 7 relates to the revision of the remuneration of Shri Piyush I Tamboli, son of Shri I. F. Tamboli, Director.

Shri Piyush I Tamboli is associated with the Company since 1993. He holds an MBA degree from the University of Sterling, U. K. and during his association he held various positions in the Company.

In View of the nature of duties being discharged by Shri Piyush I. Tamboli and considering his wide ranging experience in the foundry industry, he was redesignated as Manager, with a revision in the remuneration, subject to approval of the members, as mentioned in item no. 7 of the accompanying notice with effect from February 1, 2002.

The terms of revised remuneration mentioned above are in accordance with Section 314 and all other applicable provisions, if any, of the Companies Act, 1956 as amended and are subject to approval of the members.

The Board of Directors recommend the resolution for your approval.

Shri I. F. Tamboli, Shri M. F. Tamboli, Shri B. F. Tamboli and Shri C. M. Tamboli all are related to Shri Piyush I. Tamboli and are therefore interested or concerned in the resolution. None of the other Directors is interested or concerned in the above resolution.

Registered Office
Ruvapari Road, Bhavnagar.
Gujarat 364 005.
Date : May 13, 2002

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 period ended on March 31, 2002.

1. FINANCIAL RESULTS

The following are the working results :

(Rupees)

	2001-2002	2000-2001
Total Income	201,411,131	219,875,922
Profit before Depreciation	13,126,970	8,848,530
Less : Depreciation	16,155,590	18,681,545
Profit before Taxation	(3,028,620)	(9,833,015)
Less : Taxation	1,100,000	Nil
Net Profit	(4,128,620)	(9,833,015)
Less : Provision for Deferred Tax Liability as per AS-22	(4,070,000)	--
Net profit after Taxation	(58,620)	--
Add: Balance brought forward from last year	(32,841,766)	(22,996,670)
Add: Prior Period adjustments	20,247	(12,081)
Total :	(36,950,139)	(32,841,766)
Appropriation :		
(a) Proposed Dividend	Nil	Nil
(b) Corporate Dividend Tax	Nil	Nil
(c) General Reserve	Nil	Nil
Balance to be carried forward	(36,950,139)	(32,841,766)
Total	(36,950,139)	(32,841,766)

2. OPERATIONS :

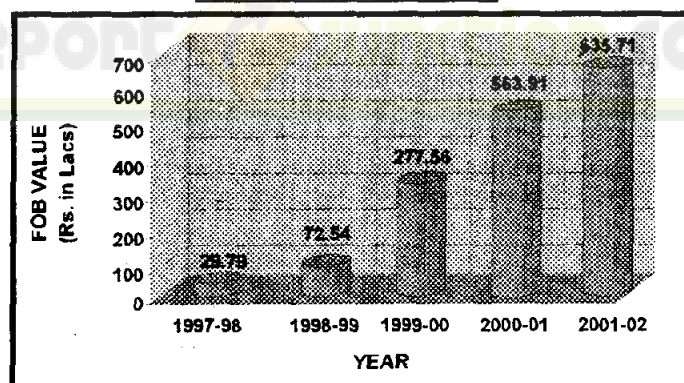
Despite a difficult market situation, severe recession in domestic market and highly competitive export market, the company could reduce the losses by Rs. 57.04 lacs through its well established energy conservation/cost reduction programmes and by manufacturing better value added product mix.

3. DIVIDEND :

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

4. EXPORTS :

The Company has continued to capture market of UK., Germany, Spain and USA besides Japan and also been able to penetrate Canadian market.

EXPORT PERFORMANCE

The compounded average growth in exports over last 4 years has been more than 100%.

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 target.

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. 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.

8. DIRECTORS :

- a) S/Shri I. F. Tamboli, M. F. Tamboli, R. J. Shah and C. M. Tamboli retire by rotation as required by the Companies Act, 1956 and being eligible offer themselves for re-election.
- b) The Directors regret having to inform that Shri M. C. Bhatt, who was a Director of the Company for many years, passed away during the year due to ill health.

9. PERSONNEL :

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

10. DIRECTORS' RESPONSIBILITY STATEMENT :

THE 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.

11. SEGMENT REPORTING :

As all the manufacture is of one class of products made at one location, segmentwise report of the results would not be applicable to your Company.

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.

Dated : May 13, 2002.

ON BEHALF OF THE BOARD OF DIRECTORS

CHETAN M. TAMBOLI
Joint Managing Director

AUDITORS' REPORT

To

The Members of

STEELCAST LIMITED

We have audited the attached Balance Sheet of **STEELCAST LIMITED** as at 31st March 2002 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above,
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts ;
 - (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211, to the extent applicable except that Accounting Standard (AS) - 15 is not complied as far as it relates to leave encashment benefits to the employees as referred to in note No. 2;
 - (v) On the basis of written representations received from the directors as on 31st March 2002 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on 31st March 2002 from being appointed as director under clause (g) of sub-section (1) of section 274;
 - (vi) In our opinion and to the best of the our information and according to the explanations given to us, the accounts read with all the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of Balance Sheet, of the State of affairs of the Company as at 31st March 2002 ; and
 - (b) in the case of Profit & Loss Account, of LOSS of the Company for the year ended on that date.

For **SANGHAVI & COMPANY**
Chartered Accountants

Bhavnagar
May 13, 2002

MANOJ GANATRA
Partner

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 1 of the report of even date of the Auditors to the members of **STEELCAST LIMITED** on the accounts for the year ended 31st March 2002.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that ;

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, fixed assets were physically verified by the management at reasonable intervals during the year in accordance with a programme of physical verification. According to information and explanations given to us, no material discrepancies were noticed on physical verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished and semi-finished goods, raw materials and stores and spares have been verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
5. As informed to us, the discrepancies noticed on verification between the physical stock and book stock were not material and the same have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956. The provisions of section 370 of the Companies Act, 1956 are not applicable to the company from 31st October 1998.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the companies Act, 1956. The provisions of section 370 of the Companies Act, 1956 are not applicable to the company from 31st October 1998.
9. In respect of loans or advances in the nature of loans given by the company to its employees and others, they are repaying the principal amount and interest, wherever stipulated, except for certain advances of Rs. 67.20 lacs granted to various fettling ancillary units where no interest is being charged and except for certain advances to ex-employees of the company where no recovery is forthcoming and necessary steps are being taken by the company for recovery of the same.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. According to information and explanations given to us, the transactions of purchase of goods and materials and sales of goods, materials and services made in pursuance to contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period to Rs. 50,000 or more in respect of each party are reasonable as compared to the prevailing market prices of the similar goods, materials and services, or at the prices at which transactions for similar goods or services made with other parties, wherever such comparison is possible.