



STEELCAST LIMITED

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32ND ANNUAL REPORT
2002-2003

STEELCAST LIMITED

BOARD OF DIRECTORS

Shri V. B. Buch
 Shri R. J. Shah (Till 09.06.2003)
 Shri R. V. Gandhi
 Shri R. V. Shah
 Shri A. R. Shah
 Shri M. F. Tamboli (Chairman)
 Shri T. Kumar (Executive Director)
 Shri Chetan M. Tamboli (Managing Director)

BANKERS

Bank of India

AUDITORS

Sanghavi & Company
 Chartered Accountants

REGISTERED OFFICE & WORKS

Ruvapari Road,
 Bhavnagar, Gujarat, India-364 005.
 Phone : (91) (278) 251 9062
 Fax : (91) (278) 242 0589 / 251 9830 / 831
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 Website : www.steelcastltd.com

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STEELCAST LIMITED

Ruvapari Road, Bhavnagar-364 005.

NOTICE IS HEREBY GIVEN THAT THE THIRTYSECOND ANNUAL GENERAL MEETING OF STEELCAST LIMITED WILL BE HELD ON SEPTEMBER 22, 2003, 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, 2003 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 V. B. Buch, 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 M/s. Sanghavi & Co., Chartered Accountants, Bhavnagar as 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(s), the following resolution as an **Ordinary Resolution**.
"RESOLVED THAT pursuant to section 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended, the Company hereby accords its approval to the promotion of Shri Chetan M. Tamboli to the position of Managing Director of the Company with effect from 18.06.2003, for the duration of his current appointment with the existing terms and conditions of his remuneration, but with freedom to the Board of Directors to alter the same so long as the same is in conformity with the provisions of Schedule XIII to the Companies Act, 1956, as may be amended from time to time."
6. 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 provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri R. V. Gandhi be and is hereby appointed as Director of the Company 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 the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri A. R. Shah be and is hereby appointed as Director of the Company liable to retire by rotation."
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 R. V. Shah be and is hereby appointed as Director of the Company liable to retire by rotation."
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 the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Vimal D. Tamboli be and is hereby appointed as Director of the Company liable to retire by rotation."

Registered Office :

Ruvapari Road,
Bhavnagar.

Gujarat 364 005.

Date : June 18, 2003

BY ORDER OF THE BOARD OF DIRECTORS

(Chetan M. Tamboli)

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 01.09.2003 to 22.09.2003 (both days inclusive).
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business at item 5, 6, 7, 8, and 9 of the Notice is annexed hereto.
4. To ensure correct identity of the members for the smooth conduct of the General Meeting, each Member and Proxy Holder attending the meeting is expected to bring with him/her an appropriate ID document like a Driving licence, Passport, Voter ID Card etc.
5. Members are requested to notify change of address, if any.
6. Members desiring any information pursuant to an item on the Agenda are requested to write in advance so as to reach to the Company at least 48 hours before the date of the meeting so as to enable the Management to keep the information available at the meeting.

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. 5 :

Ordinary Resolution as mentioned in item No. 5 relates to promotion Shri Chetan M. Tamboli as Managing Director of the Company.

Shri Chetan M. Tamboli has been associated with the Company as a Whole-time Director from 01.09.1991. Before becoming Whole-time Director, he held various positions in the Company from time to time. His last appointment was as a Joint Managing Director in pursuance of the provisions under Schedule XIII to the Companies Act, 1956, from September 01, 2001 for a period of five years and shareholders had approved the said appointment on 27.08.2001. In view of Shri M. F. Tamboli having vacated his position as Managing Director of the Company with effect from 18.06.2003, and further keeping in view the nature of duties being discharged by Shri Chetan M. Tamboli, the Board of Directors has promoted him to the position of "MANAGING DIRECTOR" for the remaining duration of his current appointment, but with the same remuneration as at present.

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 Managing Director of the Company with effect from June 18, 2003.

The Board of Directors recommend the resolution for your approval. Shri M. F. Tamboli and Shri C. M. Tamboli are interested Directors in 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.

Item No. 6 :

Shri R. V. Gandhi has been appointed as an Additional Director on the Board of the Company by the Board of Directors at its meeting held on October 28, 2002. The term of appointment of Shri R. V. Gandhi as an 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 R. V. Gandhi as a candidate for the office of Director of the Company.

Shri R. V. Gandhi is the Managing Director of M/s. Gujarat Reclaim & Rubber Products Ltd., Ankleshwar, and holding Directorship in other reputed Public Companies. He has a wide ranging experience in the fields of Finance, Trade, Commerce and Industry. It will be in the interest of the Company that Shri R. V. Gandhi be appointed as a Director of the Company.

The Directors recommend the appointment of Shri R. V. Gandhi as a Director of the Company.

Except Shri R. V. Gandhi, none of the Directors of the Company is concerned or interested in the passage of this resolution.

Item No. 7 :

Shri A. R. Shah has been appointed as an Additional Director on the Board of the Company by the Board of Directors at its meeting held on June 18, 2003. The term of appointment of Shri A. R. Shah as an 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 A. R. Shah as a candidate for the Office of Director of the Company.

Shri A. R. Shah is a practising Chartered Accountant, a financial expert and is a partner in Rejendra & Co, Chartered Accountants, Mumbai. He is also holding Directorship in some Public Companies. He has a rich experience in the fields of Finance, Accounts and Taxation. It will be in the interest of the Company that Shri A. R. Shah be appointed as a Director of the Company.

The Directors recommend the appointment of Shri A. R. Shah as a Director of the Company.

Except Shri A. R. Shah, none of the Directors of the Company is concerned or interested in the passage of this resolution.

Item No. 8 :

Shri R. V. Shah has been appointed as an Additional Director on the Board of the Company by the Board of Directors at its meeting held on June 18, 2003. The term of appointment of Shri R. V. Shah as an 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 R. V. Shah as a candidate for the Office of Director of the Company.

Shri R. V. Shah is a well known Industrialist of Bhavnagar and is holding Directorships in other well-managed Companies. He has a wide ranging experience in the fields of Business, Finance and Industry. Also, being an Independent Director, his local availability would be useful to the Company for complying with the Corporate Governance requirements. It will be in the interest of the Company that Shri R. V. Shah be appointed as a Director of the Company.

The Directors recommend the appointment of Shri R. V. Shah as a Director of the Company.

Except Shri R. V. Shah, none of the Directors of the Company is concerned or interested in the passage of this resolution.

Item No. 9

The Company has received a notice under section 257 of the Companies Act, 1956 from Shri Vimal Tamboli, a shareholder of the Company, alongwith the requisite deposit of Rs. 500/- proposing his candidature for the office of a Director of the Company.

A copy of the bio-data received alongwith the above stated notice will be available for inspection to the members of the Company at the meeting.

Keeping in view the relevant background, the Board of Directors of the Company does not support the candidature of Shri Vimal Tamboli to the post of a Director of the Company.

None of the Directors of the Company is concerned or interested in the passage of this resolution.

Registered Office
Ruvapari Road, Bhavnagar.
Gujarat 364 005.
Date : June 18, 2003

BY ORDER OF THE BOARD OF DIRECTORS
(Chetan M. Tamboli)
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, 2003.

1. FINANCIAL RESULTS

The following are the working results :

(Rupees)

	2002-2003	2001-2002
Total Income	29,39,75,595	20,14,11,131
Profit before Depreciation	2,15,02,183	1,31,26,970
Less : Depreciation	1,24,91,078	1,61,55,590
Profit before Taxation	90,11,105	(30,28,620)
Less : Taxation	52,00,000	11,00,000
Net Profit	38,11,105	(41,28,620)
Less : Provision for Deferred Tax Liability as per AS-22	(29,55,675)	(40,70,000)
Net profit after Taxation	67,66,780	(58,620)
Add: Balance brought forward from last year	(1,00,09,355)	(3,28,41,766)
Add: Prior Period adjustments	(10,830)	20,247
Total :	(32,53,405)	(3,28,80,139)
Appropriations :		
(a) Proposed Dividend	Nil	Nil
(b) Corporate Dividend Tax	Nil	Nil
(c) General Reserve	Nil	Nil
Balance to be carried forward	(32,53,405)	(3,28,80,139)
Total	(32,53,405)	(3,28,80,139)

2. OPERATIONS :

- 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 46% from Rs. 2014.11 lacs previous year, to Rs. 2969.75 lacs this year.
- In line with the increase in sales, Profit before Tax too is much better in 2002-03 compared to 2001-02 i.e. from negative Rs. 30.29 lacs to positive Rs. 90.11 lacs.
- The Company's well established cost reduction and energy conservation programmes are continuously yielding results, thus making the Company competitive in Domestic as well as in International Market.

3. DIVIDEND :

In view of the opinion received by the Company from a Professional Expert about the Company being not eligible to pay any dividend because of the past losses that have still not been cleared, your Directors regret their inability to recommend any dividend despite of the profits in the current financial year.

4. EXPORTS :

Through vigorous marketing efforts, exports could be increased by 73%. Besides, the company has been able to enter the Developed Countries like Germany, Canada, U.K. etc., Export sales has increased to Rs. 1105.55 Lacs from Rs. 635.71 Lacs of the previous year and the export market share is 44% in the current year. During the current year, the Company has earned valuable foreign exchange for the Nation worth US\$ 2.435 millions.

5. TECHNOLOGY ABSORPTION :

For achieving the export targets, the Company has developed many intricate items as required by overseas customers. Process improvement is also a continuous ongoing process.

6. EMPLOYEES :

There is no employee of the Company which is covered under the provisions of Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

7. QUALITY :

High quality standards are maintained in all areas and review of the same is also made constantly in view of the rapid changes that are taking place in the market conditions.

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. BOARD OF DIRECTORS :

9.1. Shri I. F. Tamboli and Shri B. F. Tamboli have resigned from their office as the Directors of the Company with effect from June 09, 2003. Your Directors place on record their sincere appreciation for the valuable contribution made by Shri I. F. Tamboli and Shri B. F. Tamboli in the growth of the Company since inception.

9.2 Shri P. A. Subramanian has resigned as a Director of the Company with effect from June 18, 2003. Your Directors place on record their sincere appreciation for the services rendered by Shri P. A. Subramanian as a Director of the Company.

9.3 Shri V. B. Buch, and Shri T. Kumar retire by rotation and being eligible offer themselves for re-election.

9.4 Shri R. V. Gandhi, Shri A. R. Shah and Shri R. V. Shah who have been appointed by the Board of Directors as Additional Directors, hold office upto the date of ensuing Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 from some members proposing candidatures of Shri R. V. Gandhi, Shri A. R. Shah and Shri R. V. Shah for directorship of the Company. Members may consider appointing them as Directors liable to retire by rotation.

10. INDUSTRIAL RELATIONS :

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

11. AUDITORS' REPORT :

The Notes contained in the Auditor's Report are self-explanatory in nature and hence do not require any explanation from the Directors, except for Note No. 2(iv) of the Auditors' report read with Note No. 2 in the notes forming part of the Accounts, regarding non-compliance with AS-15 pertaining to provision for leave encashment on retirement of employees. In this context, your Directors have to clarify that a system to ascertain this particular liability on a reasonable estimate basis will be worked out and the same will be provided for at or before the end of the Financial Year 2003-04.

12. CORPORATE GOVERNANCE :

Pursuant to the clause 49 of the Listing Agreements with the Stock Exchanges, a report on Corporate Governance as well as a Management Discussion and Analysis Report of the Company is attached herewith and form a part of this Annual Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT :**IT IS HEREBY COFIRMED :**

- (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 have selected such accounting policies and applied them consistently and made 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 of the company for the year under review ;
- (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, 1956 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 for the year ended 31st March, 2003 on a going concern basis.

14. 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.

15. AUDITORS :

The Auditors, M/s. Sanghavi & Co., Chartered Accountants, Bhavnagar, retire and being eligible, offer themselves for reappointment. The members are requested to pass the necessary resolution in this regard.

16. APPRECIATION :

The Directors thank the Bankers, Financial Institutions and 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 : June 18, 2003.

ON BEHALF OF THE BOARD OF DIRECTORS
(Chetan M. Tamboli)
MANAGING DIRECTOR



CORPORATE GOVERNANCE REPORT

The Company has a practice of good Corporate Governance right from the inception and the principles of the same are adhered to by regularity, accountability and transparency in the conduct of the affairs of the Company.

In accordance with clause 49 of the Listing Agreement with the stock exchanges, the details of compliance by the company has been mentioned hereunder :

PHILOSOPHY OF COMPANY ON CODE OF CORPORATE GOVERNANCE :

The basic philosophy of the management of the company is reflected in the quality policy statement of the company which reads as follows : The hallmark of Steelcast Limited is to produce goods with excellent performance and at reasonable price. Our most important criterion of quality is the satisfaction of our customers, both on quality and services. We aim at maintaining their full confidence in Steelcast Limited as a reliable quality supplier through our quality systems. Policy statement also reflects the implied objective of maximisation of wealth of the shareholders.

BOARD OF DIRECTORS :

The Company has an Executive Chairman and number of Independent Directors is more than one half of the total number of Directors. The number of Non-executive Directors is also more than 50% of the number of directors with the Managing Director being the executive director on the Board.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49) considering all the companies in which he holds directorship. The required disclosures with respect to the committee positions have been made by all the Directors.

The names of the Directors on the Board categorising them into Executive, Non-Executive and Independent Directors, the number of Directorships and Committee Memberships held by them in other Companies, their attendance at the Board Meetings held during the year and also at the last Annual General Meeting is given as follows :

Category & Name	No. of Board Meeting Attended out of Four meetings held in 2002-03	Whether attended last AGM held on 18th July, 2002	No. of other director-ships		No. of outside committee(s)	
			Pub.	Pvt.	Member	Chairman
Non-Executive & Independent						
Shri R. V. Gandhi *	2	N. A.	3	3	-	-
Shri R. J. Shah @	-	No	6	-	-	-
Shri V. B. Buch	4	Yes	3	-	-	-
Shri R. V. Shah *	-	N. A.	-	8	-	-
Shri A. R. Shah *	-	N. A.	-	-	-	-
Shri P. A. Subramanian @	-	N. A.	1	-	-	-
Non-Executive But not Independent						
Shri I. F. Tamboli @	2	Yes	1	2	-	-
Shri B. F. Tamboli @	3	No	1	3	-	-
Executive but not Independent						
Shri M. F. Tamboli	4	Yes	1	1	-	-
Shri C. M. Tamboli	4	Yes	1	1	-	-
Executive & Independent						
Shri T. Kumar	3	Yes	1	-	-	-

Notes :

- * Shri R. V. Gandhi has been appointed as an Additional Director with effect from 28.10.2002
- * Shri R. V. Shah has been appointed as an Additional Director with effect from 18.06.2003
- * Shri A. R. Shah has been appointed as an Additional Director with effect from 18.06.2003

- @ Shri P. A. Subramanian has resigned from the Board with effect from 18.06.2003.
- @ Shri R. J. Shah has resigned from the Board with effect from 09.06.2003.
- @ Shri I. F. Tamboli has resigned from the Board with effect from 09.06.2003.
- @ Shri B. F. Tamboli has resigned from the Board with effect from 09.06.2003.

Information in cases of appointment or re-appointment of Directors as required under Listing Agreement is given as under :

S. N.	Name	Date of Birth	Date of Appointment	Expertise in specific functional areas	Educational Qualifications
1.	V. B. Buch	21/02/1940	24/07/2000	- Administration - Statutory Compliance - Management Information Systems - Public Relations	I.A.S. (Retired)
2.	T. Kumar	09/07/1940	22/09/1979	- General Management - Technology - Research & Development - Finance - Company Law - Labour Laws	B. Tech. (Hons) (Metallurgical Engg.) M.E. (Foundry Engg.)
3.	C. M. Tamboli	09/12/1959	31/08/1991	- Finance - Materials Management - Management Information Systems - Statutory Requirements - Overall Management	M.B.A.
4.	R. V. Gandhi	17/12/1949	28/10/2002	- Finance - Production - Marketing & Sales - Administration	B. Tech (Metallurgy)
5.	A. R. Shah	05/01/1970	18/06/2003	- Finance - Accounting - Taxation	I.C.W.A. C.A. M.B.A.
6.	R. V. Shah	14/08/1945	18/06/2003	- Overall Management - Finance - Banking	M.Sc.

Number of Board Meetings held and the dates thereof :

- During the year 2002-03, four Board Meetings were held as under :
May 11, 2002
July 18, 2002
October 28, 2002
January 29, 2003