



STEELCAST LIMITED

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34TH ANNUAL REPORT
2004-05

STEELCAST LIMITED**BOARD OF
DIRECTORS**

Shri V. B. Buch
 Shri R. V. Gandhi
 Shri R. V. Shah
 Shri A. R. Shah
 Shri M. F. Tamboli (Chairman)
 Shri T. Kumar (Vice Chairman)
 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 9831
 (91) (278) 251 3342
 E-mail : info@steelcast.net
 Website : www.steelcast.net
 ISIN INE124E01012

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STEELCAST LIMITED
Ruvapari Road, Bhavnagar, Gujarat, 364 005.

Notice is hereby given that the thirtyfourth Annual General Meeting of the Company will be held on June 15, 2005, at Hotel Nilambaug Palace, Bhavnagar, at 1600 Hrs, to transact the following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet as at March 31, 2005 and Profit & Loss Account for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri R V Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A R Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

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 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 reappointment of Shri T Kumar as a Whole Time Director with the existing designation of Vice Chairman, for a further period of five years with effect from September 1, 2005, with the present terms of remuneration and also with the existing other terms and conditions, more particularly described in the agreement to be entered into between the Company and Shri T Kumar, with liberty to the Board to alter the same, so long as the alterations are in conformity with the provisions of Schedule XIII to the Companies Act, 1956"

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose, provided that the maximum amount of borrowings by the Company shall not at any time exceed the sum of Rs 35 Crores (Rupees Thirty Five Crores)."

8. To consider and if thought fit, to pass with or without modification(s), the following resolutions as **Ordinary Resolutions:**

"RESOLVED THAT in accordance with the provisions of section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises the Board of Directors of the Company with effect from the financial year 2004-05 to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which may in any financial year exceed 5% of the Company's average net profits as determined in accordance with the provisions of section 349 and 350 of the said Act, during the immediately preceding three financial years subject to the maximum of Rs. 25 lacs (Rupees Twenty Five Lacs) in any financial year.

"RESOLVED FURTHER THAT the aggregate contribution made by the Company in the financial year 2004-05 to the charitable and other funds be and is hereby confirmed, approved and ratified."

Registered Office:
Ruvapari Road, Bhavnagar,
Gujarat 364 005.
Date: 30.4.2005

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. 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 license, Passport, Voter ID Card etc.
3. Register of Members shall remain closed from 8.6.2005 to 15.6.2005 (both days inclusive).

4. Dividend on equity shares of the Company, as declared by the Company, will be paid to those shareholders whose names stand registered on the Company's Register of Members as Beneficiary Owners as on close of June 7, 2005 as per the list provided by National Securities Depository Ltd (NSDL) and Central Depositories Services Ltd (CDSL) in respect of the shares held in electronic form and as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company before June 8, 2005.
5. The explanatory statement pursuant to section 173 of the Companies Act, 1956, relating to Special Business at item No. 6, 7 and 8 of the Notice is annexed hereto.
6. Members are requested to notify change of address, if any.
7. 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

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. 6:

Ordinary Resolution as mentioned in item No. 6 relates to reappointment of Shri T Kumar as a Whole Time Director of the Company, with the present designation of Vice Chairman, for a further period of five years with effect from September 1, 2005.

Shri T Kumar has been associated with the Company as a Whole Time Director designated as Executive Director since September 22, 1979. The Board of Directors promoted him as Vice Chairman of the Company with effect from 1.1.2005. His last appointment as an Executive Director in pursuance of the Provisions under Schedule XIII to the Companies Act, 1956, from September 1, 2000 for a period of five years and the shareholders had approved the said appointment on August 19, 2000. His present term is expiring on August 31, 2005.

Considering his rich and wide experience and expertise in the foundry industry, long term association with the Company, business acumen and substantial contribution to the growth of business of the Company, the Board of Directors has reappointed Shri T Kumar as a Whole Time Director designated as Vice Chairman, for a further period of five years from September 1, 2005, in pursuance of the provisions of Schedule XIII to the Companies Act, 1956, as amended, subject to approval of shareholders.

The appointment is made subject to the terms and conditions contained in the draft agreement duly initialed by the Chairman for the purpose of identification and available for inspection at the Registered Office of the Company on any working day between 1400 and 1700 Hrs.

The approval of the shareholders to the above appointment and remuneration being required by law, the matter is being placed for your consideration.

The Board of Directors recommends the resolution for your approval. Except Shri T Kumar, none of the Directors is concerned or 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. 7:

Ordinary Resolution as mentioned in item No. 7 relates to granting of the authority to the Board of Directors of the Company to borrow moneys in excess of the Company's paid-up capital and free reserves. This is permissible under section 293(1)(d) of the Companies Act, 1956, if approved by the shareholders. With the Company's plans for expansion and diversification, your Board thinks it necessary to acquire this power and commends passing of this resolution.

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

Item No. 8:

Ordinary Resolutions as mentioned in item No. 8 relate to granting of the authority to the Board of Directors of the Company to contribute on Company's behalf to charitable and other funds not directly relating to the business of the Company or the welfare of its employees an amount up to a limit of Rs. 25 lacs. The approval of the members is sought for the same. Moreover, your approval and ratification is sought under section 293(1)(e) of the Companies Act, 1956 for the donations made by the Company during the financial year 2004-05.

None of the Directors is interested in the above resolution except to the extent that Shri M F Tamboli, Director, is a Trustee of some of the charitable trusts to whom the contributions have been made during financial year 2004-05.

Registered Office:
Ruvapari Road, Bhavnagar,
Gujarat 364 005.
Date: 30.4.2005

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, 2005.

6. FINANCIAL RESULTS: The following are the working results:

(Rupees in Lacs)		
Particulars	2004-05	2003-04
Sales	5166.00	3004.19
Other Income	16.26	19.95
Total income	5182.26	3024.14
Profit Before Depreciation & Tax (PBDT)	604.19	166.97
Less: Depreciation	60.75	61.42
Profit Before Taxation (PBT)	543.44	105.55
Less: Taxation	150.00	32.00
Net Profit before Deferred Tax liability	393.44	73.55
Less: Provision for Deferred Tax Liability	60.63	3.48
Profit After Taxation (PAT)	332.81	70.07
Add: Balance brought forward from last year	6.01	(32.53)
Add: Prior Period Adjustments	(18.48)	(0.11)
Amount Available for Appropriation	320.34	37.43
Appropriations:		
(a) Proposed Dividend	64.80	26.96
(b) Corporate Dividend Tax	9.09	3.45
(c) General Reserve	211.45	1.00
Balance to be carried forward	35.00	6.01
Total	320.34	37.43

7. OPERATIONS:

- The Company has earned Total Income of Rs. 5182.26 lacs showing a rise of more than 71% over the previous year.
- Profit after Tax has also shown a significant rise from Rs. 70.07 lacs to Rs. 332.81 lacs.
- The improvement in the performance of the Company was largely due to sustained increase in demand for steel castings, focus on exports, Energy Conservation, Improved Product Mix and efforts put in by the Management and employees of the Company towards Cost Reduction.

3. EXPORTS:

Though the share of exports in the total sales has declined as compared to the previous year, the Company has made Export Sales in excess of Rs.1900 lacs which is an all time high.

4. TECHNOLOGY ABSORPTION:

To have a greater access to market, the Company has developed many intricate items as required by customers. Product and Process development and improvement continue.

5. DISCLOSURE CONCERNING EMPLOYEES:

There is no employee of the Company who 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.

6. 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 global markets.

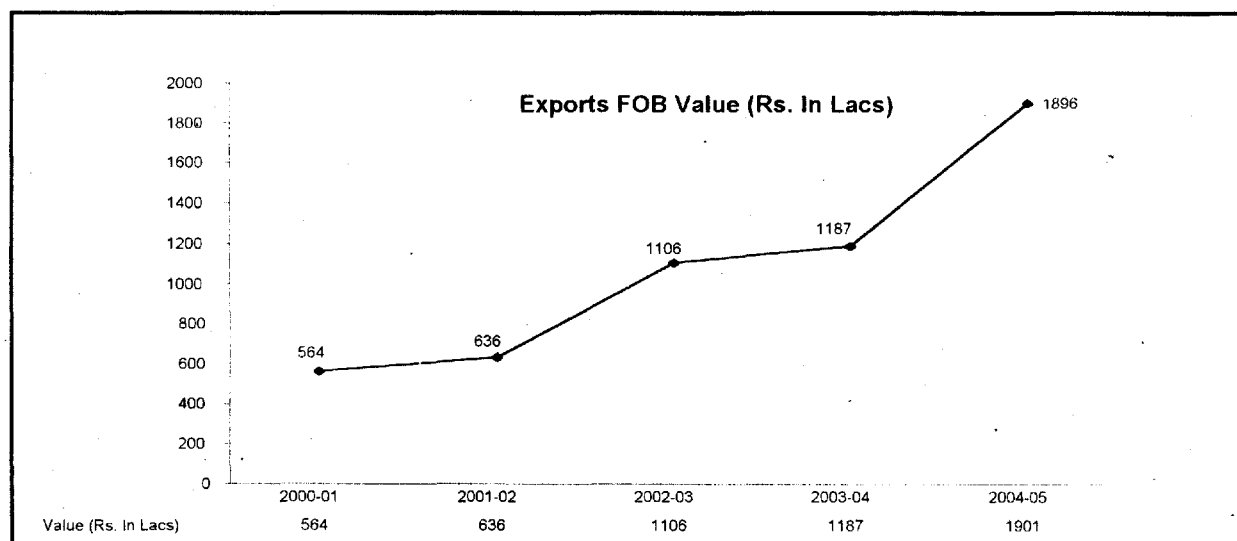
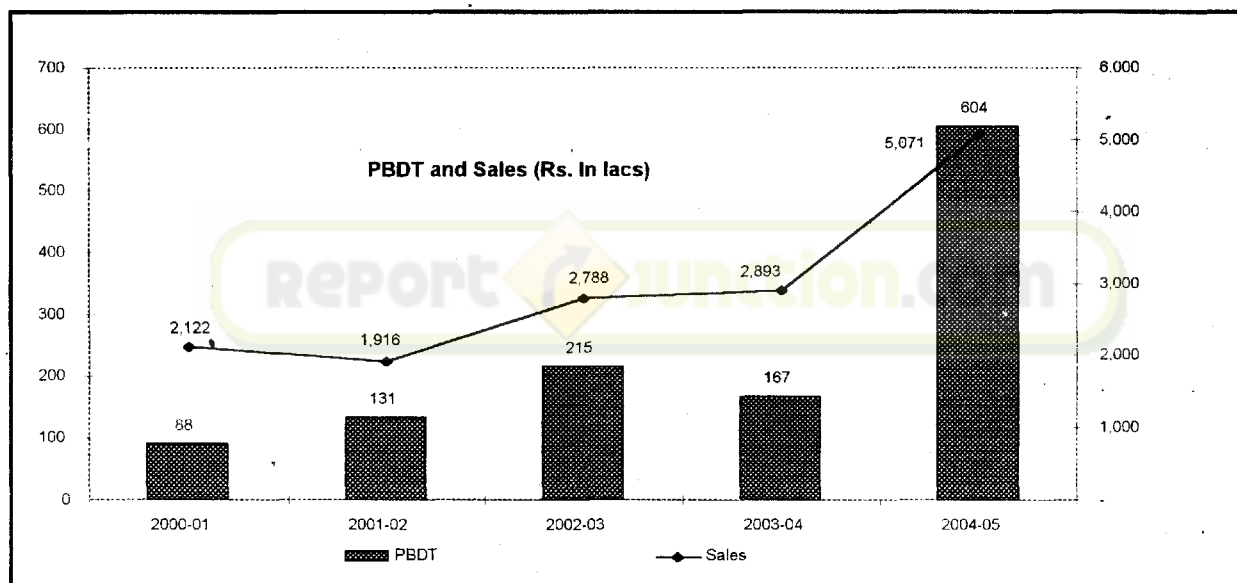
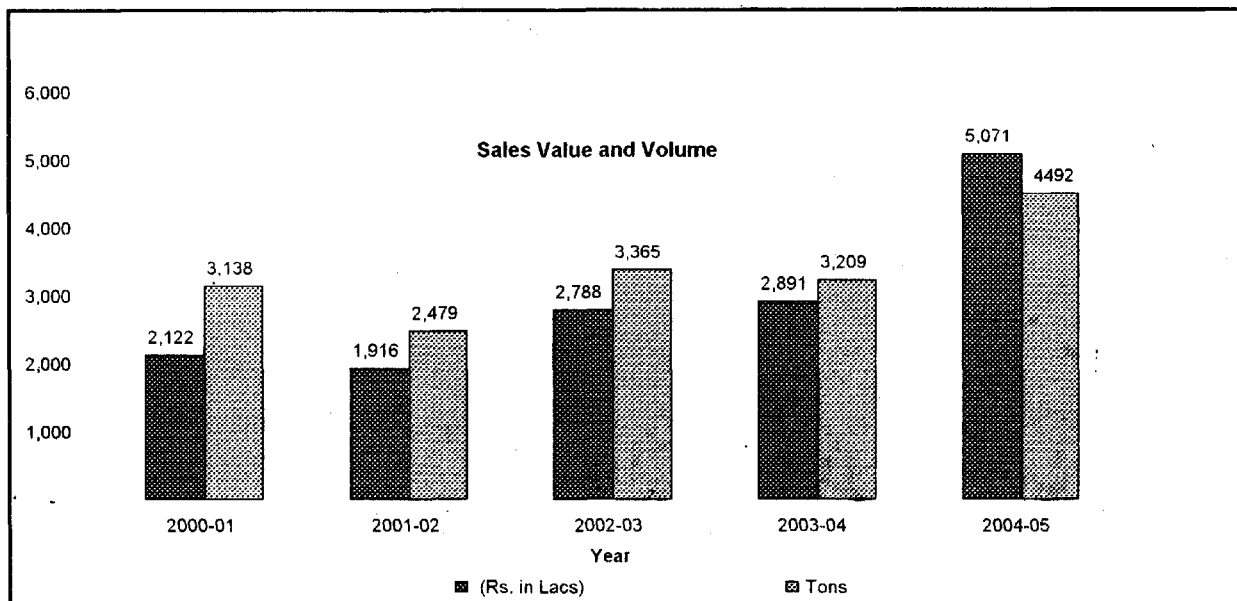
7. INSURANCE:

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. DELISTING:

As a part of cost reduction and simplification measures, the Company had earlier voluntarily delisted its equity shares from the Ahmedabad Stock Exchange (ASE). The Company has also applied for voluntary delisting to Saurashtra Kutch Stock Exchange Ltd and Delhi Stock Exchange Association Ltd.

9. GRAPHICAL ANALYSIS OF COMPANY'S PERFORMANCE:



10. DIVIDEND:

Your Directors recommend payment of dividend on Equity Capital @18% for the year ended March 31, 2005 subject to approval of shareholders at the ensuing Annual General Meeting.

11. REGISTRAR & SHARE TRANSFER AGENT:

During the year the Company has appointed M/s MCS Limited, Ahmedabad as its Registrar & Share Transfer Agent for carrying out Physical Transfers and also Dematerialisation of Company's Equity Shares. Address and other particulars of M/s MCS Limited have been provided elsewhere in this Annual Report.

12. DIRECTORS:

Shri R V Gandhi and Shri A R Shah retire by rotation and being eligible offer themselves for re-election.

13. PERSONNEL

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

14. AUDITORS' REPORT:

The Notes contained in the Auditors' Report being self-explanatory do not require additional comment.

15. 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 forms a part of this Report.

16. DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed that:

- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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. 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. The directors have prepared the annual accounts for the year ended 31st March, 2005 on a going concern basis.

17. SEGMENT REPORTING:

The Company is engaged in the Casting business only and therefore there is only one reportable segment in accordance with the Accounting Standard on Segment Reporting, AS-17.

18. 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.

19. APPRECIATION:

The Directors thank the Bankers 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.
Date: 30.4.2005

BY ORDER OF THE BOARD OF DIRECTORS
(M F Tamboli)
CHAIRMAN

Corporate Governance Report

The Company has been adhering to the principles of Corporate Governance since more than three decades by conducting its affairs in a transparent manner with regularity, responsibility and accountability.

In accordance with clause 49 of the Listing Agreement with the stock exchanges, the details of compliance by the company for the year ended on March 31, 2005 are mentioned hereunder:

Philosophy of Company on Code of Corporate Governance:

The Philosophy of Company on Code of Corporate Governance lies in its concern to protect interests of various stakeholders, fair dealings with all and active contribution to the Society at large, while enhancing the wealth of shareholders. The processes of Company are directed to achieve the purpose of complying with the code of Corporate Governance. Company's own policies and expectations include ethical conduct, health and safety, commitment to employees and environment protection. The philosophy of the Company relating to quality is reflected in its Quality Policy Statement, which reads as follows:

"The hallmark of Steelcast Limited is to produce goods with excellent performance and at reasonable prices. Our most important criterion of quality is the satisfaction of our customers, both with quality and service. We aim at maintaining their full confidence in Steelcast Limited as a reliable quality supplier through our quality systems."

Board of Directors:

At **Steelcast**, its seven-member Board of Directors comprises:

Three Executive Directors, including the Chairman.

Four Non-Executive and Independent Directors.

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

The names of Directors on the Board, categorizing 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 last Annual General Meeting are given below:

and also last Annual General Meeting are given below.

Name	Number of Board Meetings attended out of seven meetings held in 2004-05	Whether attended last AGM	Number of other Directorships		Number of outside Committees	
			Public	Private	Member	Chairman
Non-Executive & Independent:						
Shri V B Buch	5	No	3	-	1	1
Shri R V Gandhi	4	Yes	3	3	4	2
Shri A R Shah	3	No	4	-	4	-
Shri R V Shah	6	Yes	-	7	-	-
Executive:						
Shri M F Tamboli	7	Yes	1	-	-	-
Shri T Kumar	6	Yes	-	-	-	-
Shri C M Tamboli	7	Yes	1	-	-	-

Information in cases of appointment or reappointment of Directors as required under Listing Agreement is as under:

Sr No	Name	Date of Birth	Date of Appointment	Expertise in specific functional areas	Educational Qualifications	Number of other Directorship
1	Shri T Kumar	9.7.1940	22.9.1979	General Management Technology Research & Development Finance Company Law, Labour Laws	B Tech (Hons) (Met Engg) M E (Foundry)	None
2	Shri R V Gandhi	17.12.1949	28.10.2002	Finance Production Marketing & Sales Administration	BTech (Met Engg)	6
3	Shri A R Shah	5.1.1970	18.6.2003	Finance Accounting Taxation	C A, I C W A & MBA	4

Number of Board Meetings held and the dates thereof:

During the year 2004-05, seven Board Meetings were held as under:

Sr No	Date of Meeting
1	20.4.2004
2	29.4.2004
3	29.5.2004
4	31.7.2004
5	28.10.2004
6	1.1.2005
7	30.1.2005

The Company has a system of providing the information to the Board as required under Annexure I to Clause 49.

AUDIT COMMITTEE:

Presently, the composition of the Audit Committee is as under:

Sr No	Name	Category	Position in the Committee
1	Shri R V Gandhi	Non-Executive Independent Director	Chairman
2	Shri A R Shah	Non-Executive Independent Director	Alternate Chairman
3	Shri R V Shah	Non-Executive Independent Director	Member

During the year 2004-05, the Committee met four times as follows:

Sr No	Date of Meeting
1	29.4.2004
2	31.7.2004
3	28.10.2004
4	30.1.2005

REMUNERATION COMMITTEE:

Presently, the composition of the Remuneration Committee is as under:

Sr No	Name	Category	Position in the Committee
1	Shri V B Buch	Non-Executive Independent Director	Chairman
2	Shri R V Gandhi	Non-Executive Independent Director	Alternate Chairman
3	Shri A R Shah	Non-Executive Independent Director	Member

During the year 2004-05, the Committee met once on 1.1.2005.

Details of remuneration to Executive Directors are as under:

Description	(All values in Rupees)		
	M F Tamboli (Chairman)	T. Kumar (Vice Chairman)	C M Tamboli (Managing Director)
Salary	5,31,000	10,56,000	6,60,000
Perquisites & Allowances	1,09,699	1,55,638	1,69,549
Deferred Benefits (PF & Superannuation etc.)	1,72,527	3,44,885	2,05,878
Commission	90,000	90,000	8,65,832
Sitting Fees	10,500	9,000	10,500
Total	9,13,726	16,55,523	19,11,759

Remuneration Policy of Non-Executive Directors:

Non-Executive Directors are presently paid a sitting fee of Rs.5,000/- per Board meeting, Rs. 5,000/- per Audit Committee Meeting and Rs. 2,000/- per Remuneration Committee attended. During the year 2004-05, the details of sitting fees paid to Non-Executive Directors for attending the Board & other Committee Meetings is as under:

Sr No	Name	Sitting Fees, Rs.
1	Shri V B Buch	8,500
2	Shri R V Gandhi	14,500
3	Shri R V Shah	16,500
4	Shri A R Shah	8,000

SHAREHOLDERS' AND INVESTORS' GRIEVANCE REDRESSAL COMMITTEE:

Presently, the composition of the Committee is as under:

Sr No	Name	Category	Position in the Committee
1	Shri R V Shah	Non-Executive Independent Director	Chairman
2	Shri T Kumar	Executive Director	Member
3	Shri C M Tamboli	Executive Director	Member