



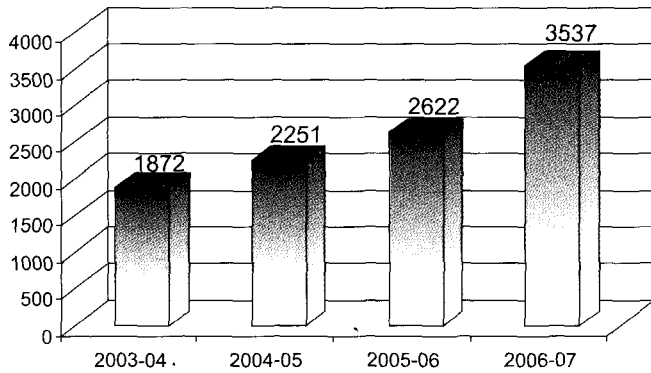
# STEELCAST LIMITED

36th Annual Report

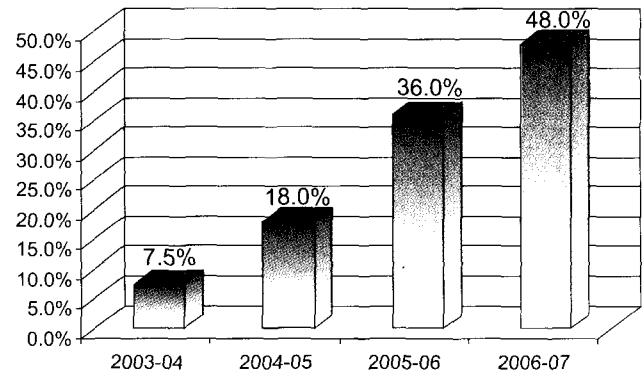
2006-07



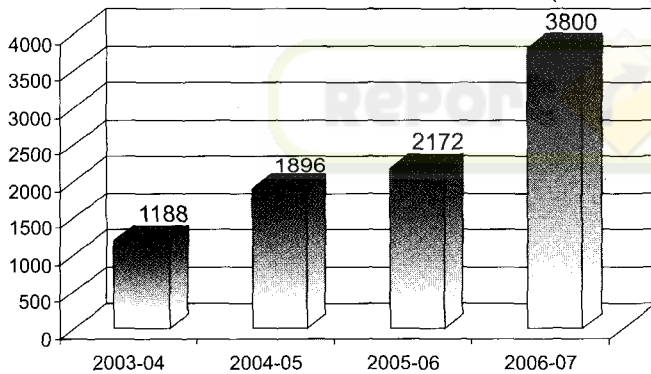
**Gross Block of Fixed Assets  
(Rs. Lacs)**



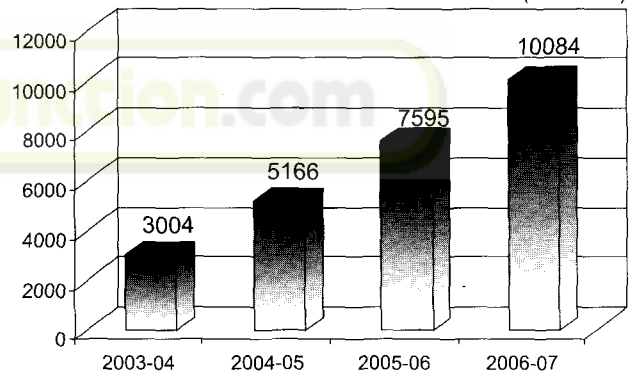
**Dividend on Equity Shares**



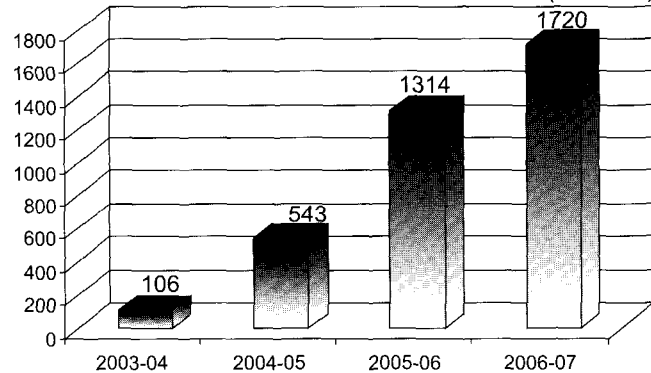
**Export earnings (FOB)  
(Rs. Lacs)**



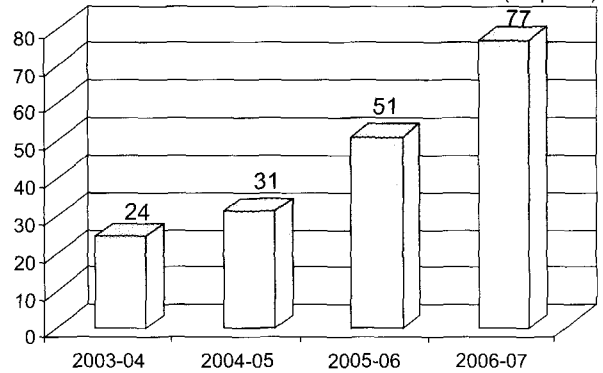
**Sales and Operational Income  
(Rs. Lacs)**



**Profit Before Tax (PBT)  
(Rs. Lacs)**



**Book Value Per Share  
(Rupees)**



# 5 YEARS' HIGHLIGHTS

(All Values in Rs. Lacs)

Sr. No.	Item		Financial Year				
			2002-03	2003-04	2004-05	2005-06	2006-07
1	Net Sales/Income from Operations		2,917.91	3,004.19	5,166.00	7,599.91	10,084.12
2	Other Income		21.67	19.95	16.26	21.37	19.17
3	Total Income (1+2)		2,939.58	3,024.14	5,182.26	7,621.28	10,103.29
4	Expenditure	a) (Increase)/Decrease in Stock in trade.	70.07	(192.21)	(10.36)	(70.61)	(417.61)
		b) Consumption of Materials.	1,101.75	1,466.44	2,621.57	3,674.11	5,320.68
		c) Power, Fuel & Water Charges	516.68	523.46	651.89	836.53	1,159.00
		d) Personnel Cost	363.28	385.56	447.51	620.83	719.00
		e) Other Expenses	592.79	610.36	802.69	1,058.59	1,284.96
		f) Total Expenditure (a to e)	2,644.57	2,793.61	4,513.30	6,119.45	8,066.03
5	Interest (Net)		79.99	63.56	64.77	89.21	144.18
6	Profit Before Depreciation and Tax (3-4-5)		215.02	166.97	604.19	1,412.62	1,893.08
7	Depreciation		124.91	61.42	60.75	99.03	173.17
8	Profit Before Tax (6-7)		90.11	105.55	543.44	1,313.59	1,719.91
9	Provision for Income Tax including Fringe Benefit Tax & Deferred Tax		22.44	35.48	210.63	439.13	601.97
10	Prior Period Adjustment		(0.11)	(0.11)	(18.48)	(3.55)	13.53
11	Net Profit after Tax (8-9-10)		67.56	69.96	314.33	870.91	1,131.47
12	Paid-up Equity Share Capital (Face Value Rs.10 each)		359.46	359.46	360.00	360.00	360.00
13	Reserves excluding revaluation reserves.		503.75	510.76	753.01	1,475.52	2,404.83
14	Earning Per Share (EPS)		1.88	1.95	8.73	24.19	31.43



## 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  
 Standard Chartered Bank

### 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

### COMPANY ID NO.

L2731OGJ1972PLC002033

### ISIN

INE124E01012

### SCRIP CODE AT BSE

513517

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## STEELCAST LIMITED

Ruvapari Road, Bhavnagar, Gujarat 364 005.

Members of the Company are hereby given notice for the 36th Annual General Meeting, the schedule of which and the business to be transacted therein, are given below:

Day and Date : **Friday, June 15, 2007**

Time : **1600 Hrs**

Venue : **Hotel Vrindavan Plaza, Sir Pattani Road, Bhavnagar 364 001**

### Ordinary Business:

1. To consider and adopt the Balance Sheet as at March 31, 2007 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 for the Financial Year 2006-07.
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 T Kumar, 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.

### Registered Office:

Ruvapari Road,  
Bhavnagar, Gujarat 364 005.  
Date: 27.4.2007

BY ORDER OF THE BOARD OF DIRECTORS

(U V Bhatt)  
COMPANY SECRETARY

### 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 08.6.2007 to 15.6.2007 (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 7.6.2007 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 7.6.2007**.
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.

### Registered Office:

Ruvapari Road,  
Bhavnagar, Gujarat 364 005.  
Date: 27.4.2007

BY ORDER OF THE BOARD OF DIRECTORS

(U V Bhatt)  
COMPANY SECRETARY



## DIRECTORS' REPORT

To: Members

Your Directors have pleasure in presenting the Thirty Sixth Annual Report and Audited Statement of Accounts of the Company for the period ended March 31, 2007.

### 1. FINANCIAL RESULTS :

The following are the working results:

(Rupees in Lacs)

Particulars	2006-07	2005-06
Sales	10,084	7,595
Other Income	19	21
<b>Total income</b>	<b>10,103</b>	<b>7,616</b>
Profit Before Depreciation & Tax (PBDT)	1,893	1,413
Less: Depreciation	173	99
Profit Before Taxation (PBT)	1,720	1,314
Less: Taxation (all Taxes)	602	439
Profit After Taxation (PAT)	1,118	874
Add: Balance brought forward from last year	75	35
Add: Prior Period Adjustments	14	-4
Amount Available for Appropriation	1,206	906
<b>Appropriations:</b>		
(a) Proposed Dividend including Interim Dividend	173	130
(b) Corporate Dividend Tax		
(c) General Reserve	29	18
<b>Balance to be carried forward</b>	<b>829</b>	<b>683</b>
<b>Total</b>	<b>175</b>	<b>75</b>

### 2. SALIENT FEATURES OF COMPANY'S WORKING DURING THE YEAR:

- a) The Company has crossed a landmark figure of Rs 100 Crore in sales and operational income.
- b) Rise in income over 32% and rise in Profit Before Tax over 30% compared to previous year.
- c) Keeping in view the positive macro economic scenario and the consequent market opportunity available to us, the Company has made investments in the areas of Capacity Expansion, Energy Conservation, Research and Development, Pollution Control etc. so as to increase the capacity to 10,000 tons per year by end of 2006-07.
- d) Capital Expenditure for the next Financial Year 2007-08 has already been initiated and expected to be completed by September, 2007 and effective October, 2007, the resultant installed capacity would be 13,000 tons per year.
- e) Continuous attention to energy conservation, improved product mix and efforts put in by the management and employees towards cost reduction have also significantly contributed to improved performance.
- f) The Company has developed many intricate items as required by customers. Product Development and Process Improvement continue.



**3. DIVIDEND:**

Your Directors recommend payment of dividend on Equity Capital @ 48% for the year ended March 31, 2007 subject to approval of shareholders at the ensuing Annual General Meeting.

**4. EXPORTS:**

The focus on exports is continued and share of exports in the total sales is in excess of 39% and the Company has made Export Sales in excess of Rs. 3,900 lacs which is an all time high.

**5. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE****EARNINGS & OUTGO:**

Details relating to above aspects as required by (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

**6. DISCLOSURE CONCERNING EMPLOYEES:**

As required under the provisions of Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of employees are set out in the annexure included in this report.

**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 global markets.

**9. 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.

**10. DIRECTORS:**

Shri M F Tamboli and Shri T Kumar retire by rotation and being eligible offer themselves for re-election.

**11. PERSONNEL**

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

**12. AUDITORS' REPORT:**

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

**13. 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 enclosed and forms a part of this Report.

**14. CODE OF CONDUCT:**

As required by clause 49 of the listing agreement, the Board of Directors have evolved a Code of Conduct for each member of the Board and members of the Senior Management Team. The Code is available on the web site of the Company. Affirmation of compliance with the said Code by the Chief Executive Officer is available elsewhere in this report.

**15. CEO/CFO CERTIFICATION:**

Pursuant to the provisions of the Clause 49 of the listing agreement, the CEO/CFO Certification is available elsewhere in 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, 2007 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 various 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: 27.4.2007

ON BEHALF OF THE BOARD OF DIRECTORS

(M F Tamboli)  
CHAIRMAN



## ANNEXURE TO DIRECTORS' REPORT:

### ANNEXURE I TO DIRECTORS' REPORT:

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### (A) Conservation of Energy:

(a) Energy Conservation measures implemented in the recent past:

- i) Replacing reciprocating compressor by energy efficient screw compressor.
- ii) Up gradation of 4 nos. existing Heat Treatment Furnaces for automatic fuel control.
- iii) Replacing 250 kgs Induction Furnace by more efficient 500 kgs. Induction Furnace.
- iv) Modification in 1500 KW Induction Furnace.
- v) Installation of 4 additional Energy Efficient Heat Treatment Furnaces.

**Total Investment : Rs 1,92,77,000/-**

(b) Additional Investments and proposals, if any, being implemented by reduction of consumption of energy:

- i). Energy efficient Core Shooters
- ii) Replacing conventional batch mixer by highly energy efficient continuous mixer.
- iii) Energy efficient 1500 KW Induction Furnace.

**Total Investment : Rs 1,76,92,000/-**

(c) Impact of measures at (a) and (b):

- i) For (a) above : Rs 35,32,000/-
- ii) For (b) above : Rs 35,00,000/-

#### (B) Technology absorption:

Research and Development (R&D):

1. Specific areas in which R&D carried out by the Company:

- a) MAGMA Soft Version 4.4 with Magma Steel Module
- b) Constant pressure/Constant flow rate CO2 supply system

2. Benefits derived as a result of the above R&D:

R&D work is in progress. Likely benefits would be Rs 23,70,000/- per year.

3. Future plan of action:

- a) Development of castings through No-Bake Moulding Process.
- b) Development of metallurgy for high impact strength at Sub-Zero temperature.
- c) Development of process for replacement of Silicate Bonded Sand.

4. Expenditure on R&D:

- a) Capital : Rs 43,07,000/-
- b) Recurring : Rs 16,20,000/-
- c) Total : Rs 59,27,000/-
- d) Total R&D expenditure as a percentage of total turnover : 0.60%.

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. The Company has in place well developed programmes of:

- a) Continuous Improvement Plan (CIP)
- b) Product Development
- c) Process Development
- d) Materials Development

Through vigorous employee participation, developing new technology, adapting new Technology and creative innovations are continuously happening.



2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. Savings of over Rs 19 Million have been achieved during 2006-07.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - a) Technology imported : No
  - b) Year of import : Not applicable
  - c) Has technology been fully absorbed : Not applicable
  - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action : Not applicable

**C) Foreign Exchange earnings and outgo:**

- (a) Activities relating to exports; initiatives taken to increase exports; developments of new Export markets for products and services and export plans:
  1. Extensive visits to existing and new customers in USA, Germany, Spain, Japan UK etc.
  2. Sample development started in advance for items having high potentials.
  3. Located one Agent for promoting our products in Japan.
  4. A new Web Site with extensive information on our products already launched.
  5. In-house Machine Shop with latest CNC machine installed for affecting faster deliveries at reduced cost.
  6. In 2006-07, we made an export turnover in excess of Rs 3,900 Lacs and in 2007-08 we expect to do significantly better.
  7. We expect many more new products from existing and new customers.

**ANNEXURE II TO DIRECTORS' REPORT:**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31.3.2007:

Name of the Employee	Designation/ Nature of duties	Remu- neration (Rupees)	Qualification	Expe- rience (Years)	Date of com- mencement of employ- ment	Age (Years)	Particulars of last employ- ment/ Employer, last post and period for which post held
1. Mr. M F Tamboli	Chairman	2,657,642	Intermediate	47	9.11.1967	73	—
2. Mr. T Kumar	Vice Chairman	3,348,254	B. Tech (Hons) M.E. (Foundry Engg.)	44	3.6.1968	67	Methods Engineer in Electorsteel Castings Ltd., Kolkata from 1963 to 1968.
3. Mr. C M Tamboli	Managing Director	5,043,471	M.B.A. (Finance)	24	10.8.1983	48	—