



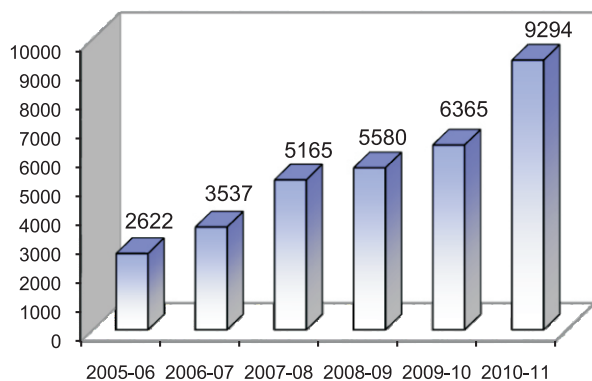
STEELCAST LIMITED

40th Annual Report

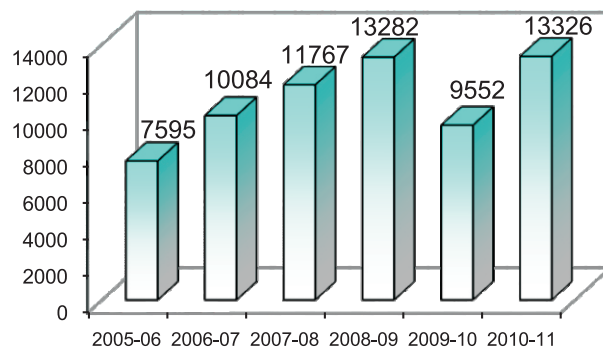
2010-11



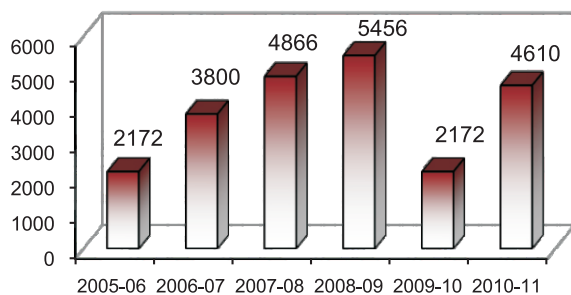
Gross Block of Fixed Assets
(₹ in Lacs)



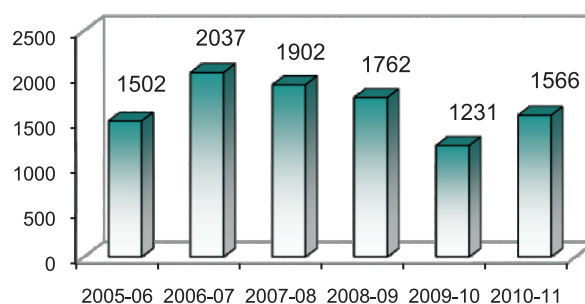
Sales and Operational Income
(₹ in Lacs)



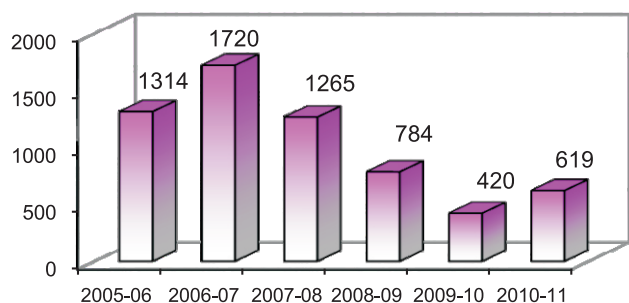
Export Earnings (FOB)
(₹ in Lacs)



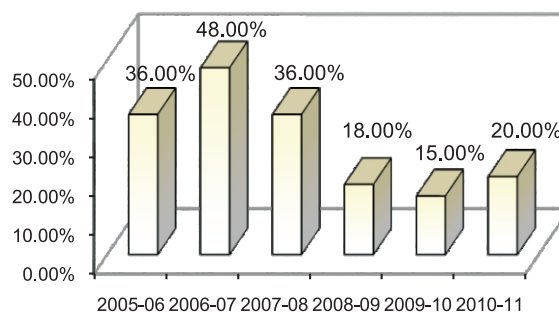
Operating Profit (EBIDTA)
(₹ in Lacs)



Profit Before Tax (PBT)
(₹ in Lacs)



Dividend on Equity Share



STEELCAST LIMITED**BOARD OF
DIRECTORS**

Shri V B Buch
Shri R V Gandhi
Shri R V Shah
Shri A R Shah
Shri R R Gandhi
Shri T Kumar
Shri C M Tamboli
Mrs. M C Tamboli
Shri Vaughn W. Makary

Chairman
Vice Chairman & Managing Director

Appointed w.e.f. 28.10.2010

CHAIRMAN EMERITUS

Shri M F Tamboli

BANKERS

Bank of India
Standard Chartered Bank

AUDITORS

Sanghavi & Company
Chartered Accountants

**REGISTERED OFFICE
& WORKS**

Ruvapari Road
Bhavnagar, Gujarat-364005, India
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

CONTENTS

1 Notice.....	3
2 Directors' Report.....	6
3 Corporate Governance Report.....	11
4 Compliance Certificate	18
5 Auditors' Report.....	22
6 Balance Sheet.....	25
7 Profit & Loss Account.....	26
8 Cash Flow Statement.....	27
9 Schedules.....	28
10 Notes on Accounts.....	34

SIGNIFICANT FINANCIAL INDICATORS FOR LAST FIVE YEARS

(All Values in Rs. Lacs)
(Except Sr. No. 8 to 12)

Sr. No.	Aspect	As at the end of 31st March				
		2007	2008	2009	2010	2011
1	Total Income	10,103.28	11,786.95	13,283.27	9,566.27	13,354.21
2	Operating Profit	2,037.26	1,901.80	1,759.09	1,231.18	1,566.17
3	Profit After Tax	1,117.94	804.88	511.16	278.44	426.86
4	Net Worth	2,769.49	3,415.46	3,723.00	4,086.49	4,520.13
5	Borrowed Funds	3,050.22	4,776.05	4,344.77	3,975.82	6,497.49
6	Fixed Assets (Net)	2,181.16	3,397.67	3,749.52	3,707.44	6,261.42
7	Net Current Assets	3,780.76	5,039.05	4,698.72	4,739.34	5,237.94
8	Book Value Per Share (Rs.)	77	95	103	108	114
9	Earning Per Share (Basic)	31.43	21.85	10.65	7.64	11.33
10	Dividend (%)	48.00	36.00	18.00	15.00	20.00
11	Debt Equity Ratio	1.10	1.40	1.17	0.97	1.44
12	Operating Profit to Sale (%)	20.20	16.16	13.24	12.86	11.75

STEELCAST LIMITED

Ruvapari Road, Bhavnagar, Gujarat 364 005.

Members of the Company are hereby given notice for the 40th Annual General Meeting, the schedule of which and the business to be transacted therein, are given below:

Day and Date : **Tuesday, July 19, 2011**
Time : **1630 Hrs**
Venue : **Nilambag Palace Hotel, Bhavnagar**

Ordinary Business:

1. To consider and adopt the Balance Sheet as at March 31, 2011 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 2010-11.
3. To appoint a Director in place of Mr. T Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R V 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 of Directors 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 the provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Vaughn W Makary be and is hereby appointed as Director of the Company liable to retire by rotation."

Registered Office:

Ruvapari Road,
Bhavnagar, Gujarat 364 005.
Date: 28.5.2011

BY ORDER OF THE BOARD OF DIRECTORS

(C M Tamboli)
VICE CHAIRMAN & 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 photo ID document like a Driving License, Passport, Voter ID Card etc.
3. Register of Members shall remain closed from 12.07.2011 to 19.07.2011 (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 11.07.2011 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 12.07. 2011.

5. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, relating to Special Business at item 6 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.

Registered Office:

Ruvapari Road,
Bhavnagar, Gujarat 364 005.
Date: 28.5.2011

BY ORDER OF THE BOARD OF DIRECTORS

(C M Tamboli)
VICE CHAIRMAN & MANAGING DIRECTOR

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 appointment of Mr. Vaughn W Makary as a Director of the Company, liable to retire by rotation. Mr. Vaughn W Makary has been appointed as an Additional Director of the Company by the Board of Directors at its meeting held on October 28, 2010. The term of appointment of Mr. Vaughn W Makary 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 the one of the members of the Company signifying his intention to propose Mr. Vaughn W Makary as a candidate for the office of Director of the Company.

Mr. Vaughn W Makary holds a Bachelor's degree in Mechanical Engineering and Master of Business Administration degree. He is a President and CEO of Michigan Steel USA. He has more than 39 years of experience in Metal casting & Rail Road Supply Industry.

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

The Board of Directors recommends the resolution for your approval. Except Mr. Vaughn W Makary, none of the Directors is concerned or interested in the above resolution.

DIRECTORS' REPORT

To: Members

Your Directors have pleasure in presenting the 40th Annual Report and Audited Statement of accounts of the Company for the period ended March 31, 2011.

1. FINANCIAL RESULTS:

The following are the working results:

(Rupees in Lacs)

Sr. No.	Particulars	2010-11	2009-10
1	Sales	13,326	9,552
2	Other Income	29	14
3	Total income	13,355	9,566
4	Profit Before Depreciation & Tax (PBDT)	1,131	905
5	Less: Depreciation	513	485
6	Profit Before Taxation (PBT)	618	420
7	Less: Taxation (all Taxes)	192	142
8	Profit After Taxation (PAT)	426	278
9	Add: Balance brought forward from last year	125	125
10	Add / (Less): Prior Period Adjustments	6	(1)
11	Less: Exceptional items	-	-
12	Amount Available for Appropriation	557	402
	Appropriations:		
	(a) Proposed Dividend	76	54
	(b) Corporate Dividend Tax	12	9
	(c) General Reserve	319	214
	(d) Balance to be carried forward	150	125
	Total	557	402

2. **SALIENT FEATURES OF COMPANY'S WORKING DURING THE YEAR:** During the Financial Year 2010-11, the Company witnessed substantial growth in revenue and profit after tax (PAT) by 39.61% and 55.84% respectively, arising from recovery in the world and in Indian markets.

3. **EXPORTS:** During the year, the Company's exports increased by over 112% compared to previous Financial Year. In absolute terms, the FOB value of exports was nearly at Rs. 46.10 Crores compared to Rs. 21.72 Crores in the previous year. Given below is summary of export revenue for the last 6 years:

Year Ended	F.O.B. Value (Rs. in Lacs)
March 31, 2006	2,171.87
March 31, 2007	3,800.17
March 31, 2008	4,865.81
March 31, 2009	5,455.64
March 31, 2010	2,172.06
March 31, 2011	4,609.57

4. **DIVIDEND:** Your Directors recommend payment of dividend on Equity Capital @ 20% for the year ended March 31, 2011, subject to approval of shareholders at the ensuing Annual General Meeting.
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 1998, 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:** Towards improvement in product quality, the Company has commissioned State-of-the-art Automated No-Bake Fast Loop Moulding Line for production of high quality steel castings, at very high productivity.
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:** Mr. T Kumar and Mr. R V Shah retire by rotation and being eligible offer themselves for re-appointment.
10. **PERSONNEL:** The industrial relations during the year have been cordial and we expect to continue the same in future also.
11. **AUDITORS' REPORT:** Concerning note no. 9(a) by Auditors' in their Notes on Accounts about the delay in depositing certain PF & TDS amounts. Those happened through oversight and the same were deposited with a slight delay.
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 enclosed and forms a part of this report.
13. **COMPLIANCE CERTIFICATE:** Pursuant to the provisions of section 383A of the Companies Act, 1956, a certificate of compliance by Practicing Company Secretary is attached herewith 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 website of the Company. Affirmation of compliance with the said Code by all concerned as certified by the Chief Executive Officer is available elsewhere in this report.
15. **CEO CERTIFICATION:** Pursuant to the provisions of the clause 49 of the listing agreement, the CEO Certification for preparation of financial statements etc., 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 of any;
- 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 March 31, 2011 on a going concern basis.

17. **SEGMENT REPORTING:** The Company is engaged in the Castings 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: 28.5.2011

ON BEHALF OF THE BOARD OF DIRECTORS

(T. Kumar)
CHAIRMAN

ANNEXURE 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:**

Installing energy efficient screw compressors in place of reciprocating compressors. Investment is of Rs. 19.05 Lacs.

Modification and installation of continuous sand mixtures in place of batch mixers having substantially lower KWH/Ton of mixed sand, as compared to conventional batch mixers. Investment is of Rs. 253.15 Lacs.

Modification of Heat Treatment furnace for improving fuel efficiency. Investment of Rs. 9.61 Lacs.

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

Flameless Energy Efficient Induction Furnace, Amine Gas generator etc.

Total Investment: Rs. 119.30 Lacs

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

i) For (a) above : Rs. 42.27 Lacs

ii) For (b) above : Rs. 17.90 Lacs

(B) Technology absorption:**Research and Development (R&D):****1. Specific areas in which R&D carried out by the Company:**

- i) PUNB No Bake process development
- ii) New metallurgy development for Railway items.
- iii) Development of Self Setting Silicate Process.

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

R&D work is in progress. Likely benefits would be several crores of additional business.

3. Future plan of action:

- i) Development of Cold Box (ISOCURE) process.
- ii) Improved agitating system during quenching for better harden ability.

4. Expenditure on R&D:

- a) Capital : Rs 19,568,894.00
- b) Recurring : Rs 7,813,326.00
- c) Total : Rs 27,382,220.00
- d) Total R&D expenditure as a percentage of total turnover : 2.05%.

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