



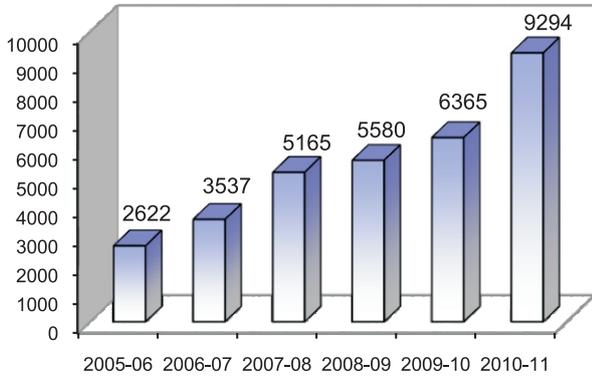
STEELCAST LIMITED

40th Annual Report

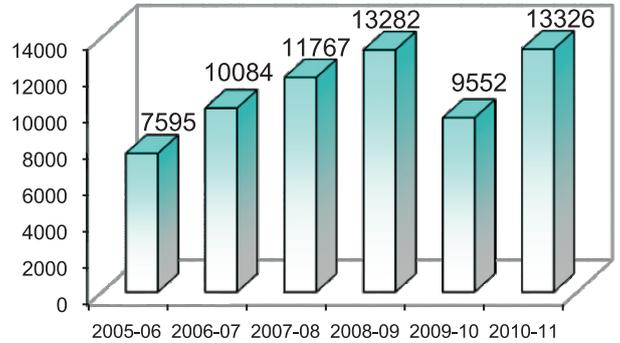
2010-11



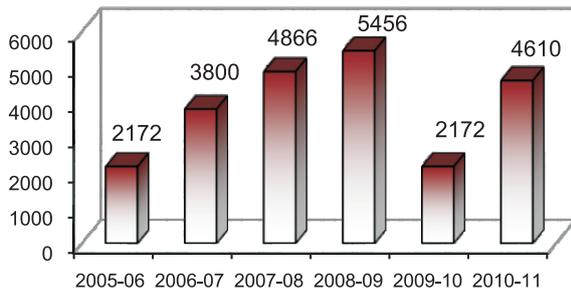
Gross Block of Fixed Assets
(₹ in Lacs)



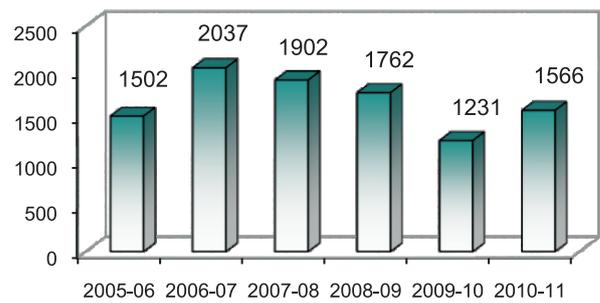
Sales and Operational Income
(₹ in Lacs)



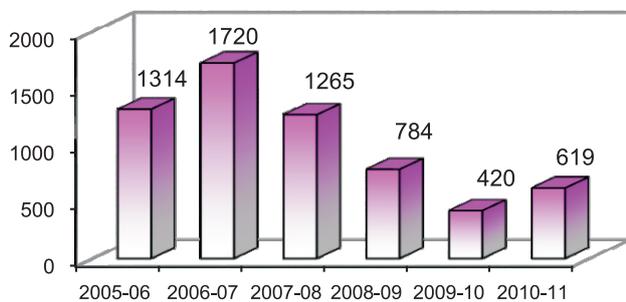
Export Earnings (FOB)
(₹ in Lacs)



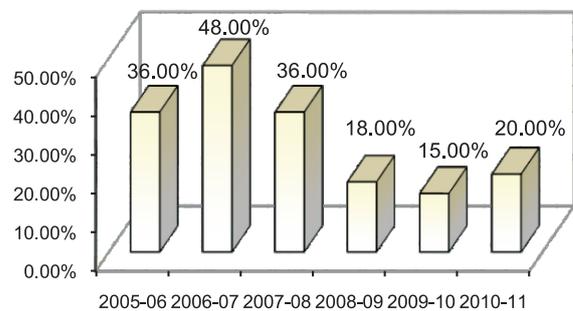
Operating Profit (EBIDTA)
(₹ in Lacs)



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 Chairman
Shri C M Tamboli Vice Chairman & Managing Director
Mrs. M C Tamboli
Shri Vaughn W. Makary

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

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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

d) Materials Development

Through vigorous employees 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 Development, Cost Reduction, Process Development, import substitution, etc. have resulted in savings of Rs. 141.92 lacs during the year 2010-11.
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 applicable
not taken place, reasons therefore and
future plan of action

C) Foreign Exchange earnings and outgo:

Foreign Exchange Earnings in US\$ Million:	11.12
Foreign Exchange Outgo in US\$ Million (For Capital items):	2.05
Foreign Exchange Outgo in US\$ Million (For Revenue items):	0.91

Activities relating to exports; initiatives taken to increase exports; developments of new

Export markets for products and services and export plans:

1. Intensive contacts to existing and new customers in USA, Germany, Spain, Japan, UK etc.
2. Advance development of samples in view of anticipated orders of new products from existing and new customers.
3. In-house Machine Shop with latest CNC machine installed for affecting faster deliveries at reduced cost.

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 31.03.2011:

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. T Kumar	Chairman	24,14,864	B.Tech (Hons.) M.E. (Foundry)	48	3.6.1968	70	Electrosteel Castings Ltd., Kolkata Methods Engineer
1. Mr. Chetan M Tamboli	Vice Chairman & Managing Director	37,84,043	M.B.A. (Finance)	28	10.8.1983	52	Tata Economic Consultancy services

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, 2011 are mentioned hereunder:

Philosophy of the Company on Code of Corporate Governance:

The Philosophy of the 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, protection of 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:

The nine-member Board of Directors comprises:

Two Executive Directors, including the Chairman.

Two Non-Executive and Non-Independent Directors.

Five 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/she 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 at the last Annual General Meeting are given below:

Name	Number of Board Meetings attended out of four meetings held in 2010-11	Whether attended last AGM	Number of other Director-ships		Number of outside Committees memberships/ Chairmanships	
			Public	Private	Member	Chairman
Non-Executive & Independent:						
Mr. V B Buch	3	No	2	-	1	-
Mr. R V Gandhi	2	No	3	2	4	-
Mr. A R Shah	3	Yes	5	1	5	1
Mr. R V Shah	4	Yes	-	4	-	-
Mr. R R Gandhi	3	Yes	4	5	2	-
Non-Executive & Non-Independent:						
Mrs. M C Tamboli	3	No	-	-	-	-
Mr. V W Makary appointed w.e.f.28.10.2010	-	-	-	-	-	-
Executive:						
Mr. T Kumar	3	Yes	-	-	-	-
Mr. C M Tamboli	3	Yes	3	1	-	-

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

Sr No	Name	Date of Birth	Date of Appointment as Director	Expertise in specific functional areas	Educational Qualification	Number of other Directorships
1	Mr. T Kumar	9.7.1940	22.9.1979	1. General Management 2. Technology 3. Research & Development 4. Finance 5. Company Law 6. Labour Laws	B. Tech. (Hons.) (Metallurgical Engg.) M.E. (Foundry)	-
2	Mr. R V Shah	14.8.1945	18.06.2003	1. Administration 2. Statutory Compliance 3. Management Information System 4. Public Relations	Graduate	4
3	Mr. V W Makary	3.9.1949	28.10.2010	1. Technology 2. Marketing	B.S. (Mech. Engg.) MBA	-

Number of Board Meetings held and the dates thereof:

During the Financial Year 2010-11, four Board Meetings were held as under:

Sr No	Date of Meeting
1	20.04.2010
2	14.07.2010
3	28.10.2010
4	17.01.2011

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

AUDIT COMMITTEE:

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

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

During the Financial Year 2010-11, the Committee met four times as follows:

Sr No	Date of Meeting
1	20.04.2010
2	14.07.2010
3	28.10.2010
4	17.01.2011

REMUNERATION COMMITTEE:

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

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

During the Financial Year 2010-11, the Committee met one time as follows:

Sr No	Date of Meeting
1	20.04.2010

Details of remuneration to Executive Directors are as under:

(All values are in Rupees)

Description	T. Kumar (Chairman)	C M Tamboli (Vice Chairman & Managing Director)
Salary	12,10,000	16,20,000
Perquisites & Allowances	1,32,133	2,81,220
Deferred Benefits (PF & Superannuation etc.)	3,97,243	5,31,846
Commission	6,75,488	13,50,977
Total	24,14,864	37,84,043

Remuneration Policy of Non-Executive Directors:

Non-Executive Directors are presently paid a sitting fee of Rs. 10,000/- per Board meeting, Rs. 10,000/- per Audit Committee Meeting, Rs. 5,000/- per Remuneration Committee Meeting and Rs. 2,000/- per Shareholders' & Investors' Complaints Redressal Committee Meeting attended. During the Financial Year 2010-11, the details of sitting fees paid to Non-Executive Directors for attending the Board & other Committee Meetings are as under:

Sr No	Name	Sitting Fees, Rs.
1	Mr. V B Buch	35,000
2	Mr. R V Gandhi	45,000
3	Mr. R V Shah	80,000
4	Mr. A R Shah	65,000
5	Mr. R R Gandhi	30,000
6	Mrs. M C Tamboli	30,000

SHAREHOLDERS' & INVESTORS' COMPLAINTS REDRESSAL COMMITTEE:

Presently, the composition of the Committee is as under:

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

During the Financial Year 2010-11, the Committee met one time as follows:

Sr No	Date of Meeting
1	20.04.2010

GENERAL BODY MEETINGS:

Location, date and time of General Meetings held during the last three years are as per the details given below:

Financial Year	Location of the meeting	AGM/EGM	Date	Time
2007-08	Hotel Nilambag Palace, Bhavnagar	AGM	9.9.2008	1630 Hours
2008-09	Hotel Nilambag Palace, Bhavnagar	AGM	8.8.2009	1600 Hours
2009-10	Hotel Nilambag Palace, Bhavnagar	AGM	14.7.2010	1600 Hours

Last year, no Special Resolutions was passed by Postal Ballot. This year no resolution is proposed to be taken up by Postal Ballot.

DISCLOSURES:

- There was no transaction of any material nature with Directors or management or their subsidiaries or relatives during the year. Except for payment to Mr. M F Tamboli, Mentor & Management Advisor and under Technical Assistant Agreement to Mr. V W Makary as mention elsewhere.
- During last three years neither SEBI nor any Stock Exchange has imposed any penalty or strictures against the Company.
- RISK MANAGEMENT:**

The management of the Company has identified some of the major areas of concern having inherent risk viz., Foreign Currency Fluctuation, Client Concentration, Technology Risks and Credit Control. The process relating to minimizing the above risks has already been put in place at the different levels of management and the same is expected to be further strengthened in the Financial Year 2011-12.

4. MEANS OF COMMUNICATION:

The practice of the Company is to publish quarterly results in leading newspapers of the Country and to put the same on its website. Moreover, a direct communication made to the shareholders by Managing Director as and when required. The Management Discussion and Analysis is annexed herewith and forms a part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION:

Sr. No.	Particulars	Details				
1	Financial Calendar: From 1st April to 31st March					
2	Annual General Meeting (as indicated in the Notice)	Date	Time	Venue		
		19.07.2011	1630 Hours	Hotel Nilambag Palace, Bhavnagar		
3	Date of Book Closure	From		To		
		12.07.2011		19.07.2011		
4	Dividend Payment Date: Soon after conclusion of Annual General Meeting.					
5	Listing on Stock Exchange (s)	Name of Stock Exchange	Stock Code	ISIN	Listing Fees paid upto	
		The Bombay Stock Exchange Limited	513517	INE124E01012	31.03.2012	
6	Registrar & Share Transfer Agent	Address		Telephone	e-mail	
		M/s MCS Limited, 101, First Floor, Shatdal Complex, Opp. Bata Show Room, Ahmedabad 380 009.		079-26581296, 079-26582878	mcsahmd@gmail.com	
7	Address for Correspondence	Name of contact person		Address	Telephone	e-mail
		Mr. S K Shah		Steelcast Limited Ruvapari Road, Bhavnagar 364 005	0278-2519062	sks@steelcast.net

MARKET PRICE DATA:

(As per records of Bombay Stock Exchange Limited in respective month of the Financial Year 2010-11)

Month	Open, Rs.	High, Rs.	Low, Rs.	Close, Rs.	Volume, Number of Shares
April - 10	93.00	137.00	92.25	118.40	247,884
May - 10	121.90	122.00	90.00	95.00	48,062
June - 10	95.95	110.90	91.05	107.55	27,893
July - 10	105.05	129.25	104.90	107.45	69,374
August - 10	109.00	129.35	105.00	106.00	44,334
September - 10	108.90	133.00	106.70	111.50	30,740
October - 10	112.95	122.50	100.00	115.55	78,474
November - 10	114.15	121.60	99.80	100.00	54,198
December - 10	105.00	111.95	96.05	103.50	18,075
January - 11	105.00	105.00	91.25	99.80	44,627
February - 11	95.10	102.00	88.20	89.00	78,800
March - 11	88.00	95.10	80.30	94.95	16,913

SHARE TRANSFER SYSTEM:

Share Transfers in physical form are processed by our Registrar & Share Transfer Agent, M/s MCS Limited, Ahmedabad and are given effect to within the prescribed period of 30 days from the date receipt of duly completed share transfer forms. During the Financial Year 2010-11, the share transfers were effected as under:

Transfer Period (in days)	No. of Transfers	No. of shares
1 to 30	35	18,340
Total	35	18,340

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011:

No of equity shares	No of shareholders	% of shareholders	No of shares held	% of shareholding
1 to 500	3,872	91.11	458,525	11.58
501 to 1,000	163	3.84	127,417	3.22
1001 to 2,000	97	2.28	147,494	3.72
2,001 to 3,000	32	0.75	84,221	2.13
3,001 to 4,000	21	0.49	74,228	1.87
4,001 to 5,000	13	0.31	62,266	1.57
5,001 to 10,000	19	0.45	138,428	3.50
10,001 to 50,000	21	0.49	435,160	10.99
50,001 to 100,000	3	0.07	261,181	6.60
100,000 & above	9	0.21	2,171,080	54.83
Total	4,250	100.00	3,960,000	100.00

SHAREHOLDING PATTERN AS ON 31.03.2011:

Sr. No.	Category of shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
1.0	Shareholding of Promoter and Promoter Group	9	1,723,010	1,543,010	43.51
2.0	Public Shareholding				
2.1	Institutions	1	100	–	0.00
2.2	Non-Institutions				
2.2.1	Bodies Corporate	86	190,910	190,210	4.82
2.2.2	Individuals	3,837	1,678,119	927,003	42.38
2.2.3	NRIs and Overseas Corporate Bodies	211	284,445	143,945	7.18
2.2.4	HUF	106	83,416	83,416	2.11
Total Public Shareholding		4,241	2,236,990	1,344,574	56.49
Grand Total (1.0) + (2.0)		4,250	3,960,000	2,887,584	100.00

DEMATERIALISATION OF SHARES AS ON 31.03.2011:

As on March 31, 2011, 2,887,584 shares of the Company were dematerialized, which constitute 72.92% of the total paid-up share capital of the Company.

AFFIRMATIVE ACTION INITIATIVES BY THE COMPANY FOR THE YEAR 2010-11 FOR UPLIFTMENT OF PEOPLE BELONGING TO SCHEDULED CASTE AND/OR SCHEDULED TRIBE (SC/ST):

Sr. No.	Area	Remarks
1	Adopting Code of Conduct evolved by CII	Already done
2	Creating Entrepreneurs	Done
3	Voluntary Coaching of Students	Under Consideration
4	Scholarship for Entrance Examinations for Prestigious courses	Under Consideration
5	Finance Training in CII Programmes	Under Consideration
6	To adopt Primary School with Predominant SC/ST population	Under Consideration

CASTE/CATEGORYWISE EMPLOYEES SUMMARY:

Type of Employees			Number of Persons					% Distribution				
			GEN	SC	ST	OBC	Total	GEN	SC	ST	OBC	Total
A	Employee	Executive Staff	23	0	0	2	25	92.00	0.00	0.00	8.00	100.00
		Senior Staff	47	0	0	17	64	73.44	0.00	0.00	26.56	100.00
		Junior Staff	71	4	0	44	119	59.66	3.36	0.00	36.97	100.00
		Workmen	81	11	0	364	456	17.76	2.41	0.00	79.82	100.00
Sub Total - A			222	15	0	427	664	33.43	2.26	0.00	64.31	100.00
B	Internal Contractors' Labours		14	6	1	193	214	6.54	2.80	0.47	90.19	100.00
	Sub Total - B		14	6	1	193	214	6.54	2.80	0.47	90.19	100.00
	Total - (A + B)		236	21	1	620	878	26.88	2.39	0.11	70.62	100.00

MISSION ON SUSTAINABLE GROWTH: The Company signed the "CII – Code for Ecologically Sustainable Business Growth" under the Mission on Sustainable Growth (MSG) initiative of CII.

PLANT LOCATION(S):

The Company's only Factory is situated at Ruvapari Road, Bhavnagar, Gujarat 364 005.

DECLARATION

Name : Chetan M Tamboli

Date: April 15, 2011

Position : CEO & Vice Chairman & Managing Director

DECLARATION OF COMPLIANCE WITH THE GENERAL CODE OF CONDUCT OF THE COMPANY

(By the Chief Executive Officer of the Company)

In the above regard, I declare as follows:

1. The Company does have a General Code of Conduct approved by its Board of Directors, which is posted on its website www.steelcast.net
2. All the members of the Board of Directors and all the members of the Senior Management of the Company have individually submitted statements of affirmation of compliance with the Code of Conduct as applicable to the Financial Year ended on March 31, 2011.

Sd/-

(C M Tamboli)

VICE CHAIRMAN & MANAGING DIRECTOR

CEO CERTIFICATION

To
The Board of Directors,
STEELCAST LIMITED,
Ruvapari Road,
Bhavnagar 364 005.

We hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the Financial Year 2010-11 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we hereby disclose to the Auditors and the Audit Committee that there have been no deficiencies in the design or operation of internal controls, prevailing in the company.
- (d) We hereby certify that:
 - (i) There have been no significant changes in internal control during the year;
 - (ii) There have been no significant changes in accounting policies during the year and
 - (iii) No instances of fraud were observed in the Company by the management or an employee having a significant role in the company's internal control system.

Sd/-

(C M Tamboli)

CHIEF EXECUTIVE OFFICER

Place: Bhavnagar

Date: 15.4.2011

CERTIFICATE

To,
The members of
Steelcast Limited

We have examined the compliance of conditions of Corporate Governance by Steelcast Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bhavnagar
Date : 28.05.2011

For, Sanghavi & Company
Chartered Accountants,
FRN : 109099W

Manoj Ganatra
Partner
Membership No. 043485

Company CIN : L27310GJ1972PLC002033
Authorized Share Capital : Rs. 6,00,00,000
Paid up Capital : Rs. 3,96,00,000

COMPLIANCE CERTIFICATE

To
The Members
STEELCAST LIMITED
BHAVNAGAR.

I have examined the registers, records, books and papers of **STEELCAST LTD.** As required to be examined under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the Financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officials and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government.
3. The Company being a public limited company, comments are not required. However, the company's capital is more than a minimum required.
4. The Board of Director duly met 4 times respectively on 20.04.2010, 14.07.2010, 28.10.2010 and 17.01.2011 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed in the Minutes Books maintained for the purpose. No circular resolutions were passed by the Company during the year.
5. The Company has closed its Register of Members during the year in compliances of the Companies Act, 1956.
6. The annual General Meeting for the Financial year ended on 31.03.2010 was held on 14.07.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. There was no Extra Ordinary General Meeting during the year.
8. The Company has not advance any loan to its directors or persons or firms or companies referred to under Section 295 of the Act is not applicable.
9. The Company has not entered any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. During the year under review, there were no instances falling within the purview of Section 314 of the Act, and the Company was not required to obtain necessary approvals from the Board of Director, members and approval of the Central Government.
12. The Company has issued 200 duplicate share certificates during the financial year.
13. (i) The Company has allotted 180000 equity shares during the year.
(ii) The Company has declared dividend during the financial year.
(iii) The Company has posted warrant to all the members of the company for the payment of dividend declared during the financial year.

- (iv) The Company has not transferred any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for period of Seven years to Investor Education and Protection Fund as the same was not required.
- (v) The Company has duly complied with the requirement of Section 217 of the Act.
- 14. The Board of Directors of the Company is duly constituted and One additional director was appointed during the year but due to non approval of DIN necessary form was not filed with ROC.
- 15. The Company has appointed Managing Director and Whole Time Director under the provision of section 269 of the Act.
- 16. The Company has not appointed any sole selling agents during the year.
- 17. The Company was not required to obtain approvals of the Central Government, under the various provisions of the Act.
- 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19. The company has issued 180000 equity shares during the financial year.
- 20. The Company has not bought back any shares during the year.
- 21. There was no redemption of preference shares or debentures during the year.
- 22. There were no transactions necessitating the company to keep in abeyance right to dividend, right shares and bonus shares, pending registration of transfer of shares.
- 23. The Company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
- 24. The amount borrowed by the company during the financial year together with the moneys borrowed are within the limit as prescribed under Section 293(1)(d) of the Act.
- 25. The Company has not made any loan or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- 26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation Clause of the Company's registered office from one State to another during the year under scrutiny.
- 27. The Company has not altered the provisions of the Memorandum of Association with respect to Object Clause of the Company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum of Association with respect to Name Clause of the Company during the year under scrutiny.
- 29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the year.
- 30. The Company has not altered its Articles of Association during the year under scrutiny.
- 31. As per information given to us, there was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
- 32. As per information given to us, the Company has not received any money as security from its

employees during the financial year.

33. As informed to us, the company has not constituted Provident Fund Trust for its employees and as such Section 418 of the Act is not applicable to the company.

ANNEXURE A
Registers maintained by the Company

Sr. No.	Name of Register	Section
1	Register of Members	150
2	Minutes Book containing minutes of Board Meetings and General Meetings and Committee meetings	193
3	Books of Accounts	209
4	Register of Directors, etc.	303
5	Register of Directors Shareholding	307
6	Register of Charges	143
7	Register of share transfer	---

ANNEXURE B
Forms and returns filed by the Company

Sr. No.	Form No.	Filed under section	For	Date of Filing	Whether filed within time	If delay
1	Form 23AC and 23ACA	220	31.03.2010	13.09.2010	No	Yes
2	Form 66	383A	14.07.2010	03.09.2010	No	Yes
3	Form 20B	160	14.07.2010	27.10.2010	No	Yes
4	Form 8	125	13.10.2010	03.12.2010	No	Yes
5	Form 8	125	14.10.2010	13.12.2010	No	Yes
6	Form 8	125	06.01.2011	11.02.2011	No	Yes
7	Form 8	125	13.12.2010	11.02.2011	No	Yes
8	Form 23	192	14.07.2010	13.09.2010	No	Yes
9	Form 62	58A	14.07.2010	20.12.2010	No	Yes
10	Form 2	75	17.01.2011	05.02.2011	Yes	--

Place : Anand

Signature : Sd/-

Date : 19/05/2011

Name : For D. G. Bhimani & Associates
(Dinesh G. Bhimani)
C.P. No. 6628

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**(A) Industry Structure & Developments:**

The financial year 2010-11 witnessed major recoveries in the world economy/markets after the global meltdown in the financial year 2008-09. The stimulus packages introduced by various countries in the world helped the world economy to revive. The domestic industries in India grew better than the world market due to growth in Indian GDP by 8% to 9%.

(B) Opportunities, Threats, Risks & Concerns:**1. Opportunities the business environment offers:**

- (a) The revival in global economy in general and Indian economy in particular, shows favorable signs of better business opportunities in the near future. The increase in the Government spending towards various infrastructure sectors is likely to create spurt in the demand amongst different other sectors of the economy, of which the company is also going to be a beneficiary.
- (b) The company has incurred major capital expenditure in the Financial Year 2010-11 towards introduction of Automated No-Bake Fast Loop Moulding Line of producing steel castings which is world over acknowledged and recognized for the production of high quality steel castings.
- (c) Adoption of No-Bake technology will also result in increasing the manufacturing capacity of the company thereby helping in increasing the sales volume of the company.

2. Threats:

- (a) Indian economy, having significant dependence on monsoon, may be adversely effected in case of bad a monsoon.
- (b) Heavy fiscal deficit combine with supply side constraints have resulted in severe inflationary pressures, compelling RBI to tighten monetary policy and increase interest rates. This can adversely affect growth and profitability.

3. Risks and concerns:

- (a) Increasing cost of all inputs including power and fuel.
- (b) Major customer base is that of Earth Moving Equipment industry. The effect of their business cycle has got direct impact on the business of the company.

(C) Outlook for 2011-12:

As the world economy in general and Indian economy in particular have good growth potential, the market trend during the Financial Year 2011-12 seems to be fairly favorable.

(D) Internal Control System and their adequacy:

With our strong in-house ERP systems in place, the internal control systems are adequate for our class of business.

(E) Financial performance with respect to the Operational Performance:

The Company has witnessed a robust increase in quantity of production by 28% and in sales value by 39.61% and Profit After Tax by 55.84% respectively due to favourable market conditions.

The Company has:

- i) completed committed CAPEX for the year 2010-11 without any deferment.
- ii) met all its financial commitments with its bankers and has not resorted to any Corporate Debt Restructuring.
- iii) shown highest standards of ethical business practices.

(F) Material developments on the Human Resources/Industrial Relations front, including Number of people employed:

Keeping in view the improvement in the economy and to take advantage of the market turn around and increase the capacity utilization, the Company recruited key middle & senior level positions, which were kept on hold earlier.

AUDITORS' REPORT

To,
**The Members of
Steelcast Limited**

We have audited the attached Balance Sheet of **Steelcast Limited** as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement 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 conducted our audit in accordance with the 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 Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 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, we report that:
 - (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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statements dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956, to the extent applicable.
 - (v) Based on the written representations made by the directors of the company and according to the information and explanations given to us, no director is disqualified as on 31st March 2011 from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with 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 the Balance Sheet, of the State of affairs of the Company as at 31st March 2011;
 - (b) In the case of the Profit & Loss Account, of the PROFIT for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Bhavnagar
28th May, 2011

MANOJ GANATRA
Partner
Membership No. 043485

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 2011.

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

- 1 In respect of fixed assets:
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, fixed assets are physically verified by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. Discrepancies noticed on such verification, which were not material, have been properly dealt with in the accounts.
 - c. There was no substantial disposal of fixed assets during the year.
- 2 In respect of inventories:
 - a. The inventories were physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has not taken any loans, secured or unsecured, from the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4 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 inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
 - b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at the prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, wherever such comparison is possible.
- 6 The company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
- 7 In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- 8 As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.

9 In respect of statutory and other dues:

- a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues, to the extent applicable, with the appropriate authorities during the year *except for a few instances of provident fund and tax deducted at source, where payments are made beyond due dates.*
- b. There are no amounts which are not deposited on account of dispute except for the followings:

Nature of Payment	Rs.	Forum where dispute is pending
Value Added Tax	605,580	The Dy. Commissioner of Commercial Tax

- 10 The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current or in the immediately preceding financial year.
- 11 Based on our audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not obtained any borrowings by way of debentures.
- 12 The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- 14 The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- 16 The term loans taken have been applied for the purpose for which it was raised.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis, prima facie, have not been used during the year for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act 1956 except for allotment of 180,000 equity shares to a director interested company against conversion of warrants issued to them on preferential basis in accordance with the guidelines issued by the Securities and Exchange Board of India in this regard.
- 19 The Company did not have any outstanding debentures during the year.
- 20 The Company has not raised any money through a public issue during the year.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

Bhavnagar
28th May, 2011

MANOJ GANATRA
Partner
Membership No. 043485

BALANCE SHEET AS AT 31st MARCH 2011

Amount in Rupees

			31st March 2011	31st March 2010
SOURCES OF FUNDS ::				
SHAREHOLDERS' FUNDS :				
Share Capital	A	40,066,500		38,266,500
Share Application Money		0		2,993,000
Reserves & Surplus	B	411,947,285	452,013,785	367,389,095
LOAN FUNDS :				
Secured Loans	C	649,748,888		397,581,860
Unsecured Loans		-	649,748,888	-
DEFERRED TAX LIABILITIES (Net) :				
			48,400,000	39,900,000
			<u>1,150,162,673</u>	<u>846,130,455</u>
APPLICATION OF FUNDS ::				
FIXED ASSETS :				
Gross Block	D	929,390,629		636,468,602
Less: Depreciation		316,313,590		265,916,032
		<u>613,077,039</u>		<u>370,552,570</u>
Capital Work in Progress		13,064,921	626,141,960	191,380
INVESTMENTS :	E		226,725	1,452,825
CURRENT ASSETS, LOANS AND ADVANCES :				
Current Assets :				
a) Inventories		221,790,410		163,048,915
b) Sundry Debtors		292,926,939		224,679,141
c) Cash & Bank Balances		52,679,545		122,240,479
d) Other Current Assets		53,124,797		17,969,314
e) Loans & Advances		50,743,285		49,401,587
		<u>671,264,976</u>		<u>577,339,436</u>
Less : Current Liabilities		125,245,128		85,351,686
Provisions	G	22,225,860		18,054,070
		<u>147,470,988</u>		<u>103,405,756</u>
Net Current Assets			523,793,988	473,933,680
			<u>1,150,162,673</u>	<u>846,130,455</u>
NOTES ON ACCOUNTS	N		-	-

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

MANOJ GANATRA
Partner
Membership No. 043485

Bhavnagar
28th May 2011

For and on Behalf of the Board

T KUMAR
Executive Chairman

Bhavnagar
28th May 2011

C M TAMBOLI
Vice Chairman & Managing Director
and Chief Executive Officer

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

Amount in Rupees

	SCH	2010-2011	2009-2010
INCOME ::			
Sales and Operational Income	H	1,332,561,232	955,230,939
Other Income	I	2,860,142	1,396,299
TOTAL ::		1,335,421,374	956,627,238
EXPENDITURE ::			
Change in Inventory	J	(27,447,303)	(6,019,838)
Materials and Manufacturing Expenses	K	1,017,892,008	708,720,641
Administrative and Other Expenses	L	188,359,225	130,807,335
Borrowing Cost	M	43,471,049	32,639,572
Depreciation		51,269,568	48,526,255
TOTAL ::		1,273,544,547	914,673,965
Profit Before Taxation		61,876,827	41,953,273
Less Tax Expenses :			
Current Tax		12,400,000	13,500,000
Deferred Tax		8,500,000	400,000
Wealth Tax		145,000	144,000
Earlier Years' Tax		(1,854,039)	65,213
Profit After Taxation		42,685,866	27,844,060
Prior Period Adjustments (net)		573,571	(85,800)
		43,259,437	27,758,260
Add : Balance brought forward from the last year		12,500,000	12,500,000
Amount Available for Appropriation		55,759,437	40,258,260
APPROPRIATIONS ::			
a) Proposed Dividend		7,632,986	5,446,603
b) Corporate Dividend Tax		1,238,261	925,650
c) General Reserve		31,888,190	21,386,007
		40,759,437	27,758,260
Balance Carried to Balance Sheet		15,000,000	12,500,000
Earning Per Share	Basic	11.33	7.64
	Diluted	11.33	7.53
Nominal Value of Share		10.00	10.00
NOTES ON ACCOUNTS	N		

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

MANOJ GANATRA
Partner
Membership No. 043485

Bhavnagar
28th May 2011

For and on Behalf of the Board

T KUMAR
Executive Chairman

Bhavnagar
28th May 2011

C M TAMBOLI
Vice Chairman & Managing Director
and Chief Executive Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

(Rs in lacs)

	2010-2011	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax And Extraordinary Items	618.77	418.09
Adjustments for -		
Depreciation	512.70	485.26
Loss (Profit) on sale of fixed assets	(0.87)	(1.88)
Loss (Profit) on sale of Investment	(7.25)	0.00
Prior Period Adjustments	5.74	(0.86)
Dividend Received	(0.05)	(0.05)
Interest	423.92	310.56
	934.18	793.03
Operating Profit Before Working Capital Changes	1,552.95	1,211.12
Adjustments for -		
Trade and Other Receivables	(1,075.40)	(40.95)
Inventories	(587.41)	(229.38)
Trade Payables	414.42	362.75
	(1,248.39)	92.42
Cash Generated From Operations	304.56	1,303.54
Direct Taxes Paid	(88.22)	(189.30)
	(88.22)	(189.30)
NET CASH FROM OPERATING ACTIVITIES	216.34	1,114.24
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3,067.40)	(477.62)
Purchase of Investments	(2.24)	0.00
Sale of Fixed Assets	1.60	36.31
Sale of Investment	21.75	0.00
Interest Received	6.55	0.00
Dividend Received	0.05	0.05
	0.05	0.05
NET CASH USED IN INVESTING ACTIVITIES	(3,039.69)	(441.26)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issuance of Share Capital (incl. premium)	89.77	119.70
Proceeds from share application money	0.00	29.93
Proceeds (Repayment) from Long Term Borrowings (net)	1,239.44	(655.90)
Proceeds from Short Term Borrowings (net)	1,282.22	286.95
Interest Paid	(430.47)	(310.56)
Dividend Paid	(53.22)	(60.78)
	(53.22)	(60.78)
NET CASH USED IN FINANCING ACTIVITIES	2,127.74	(590.66)
Net Increase in Cash and Cash Equivalents	(695.61)	82.32
Cash And Cash Equivalents as at beginning of the year	1,222.40	1,140.08
Cash And Cash Equivalents as at end of the year	526.79	1,222.40

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

MANOJ GANATRA
Partner
Membership No. 043485

Bhavnagar
28th May 2011

For and on Behalf of the Board

T KUMAR
Executive Chairman

Bhavnagar
28th May 2011

C M TAMBOLI
Vice Chairman & Managing Director
and Chief Executive Officer

SCHEDULE - A SHARE CAPITAL	31st MARCH 2011	31st MARCH 2010
Authorised : 6,000,000 Equity Shares of Rs 10 each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, Subscribed and Paid up : 3,960,000 (3,780,000) Equity Shares of Rs 10 each, fully paid up	<u>39,600,000</u>	<u>37,800,000</u>
	39,600,000	37,800,000
(Of the above shares 2,004,000 shares of Rs. 10 each were issued as fully paid up bonus shares by capitalising General Reserve)		
Shares Forfeited Account	466,500	466,500
	<u>40,066,500</u>	<u>38,266,500</u>
SCHEDULE - B RESEVRES & SURPLUS	31st MARCH 2011	31st MARCH 2010
Securities Premium Account	70,833,000	60,663,000
General Reserve :		
Balance at the beginning of the year	294,226,095	272,840,088
Add: Transferred from Profit & Loss account	<u>31,888,190</u>	<u>21,386,007</u>
	326,114,285	294,226,095
Profit & Loss Account	15,000,000	12,500,000
	<u>411,947,285</u>	<u>367,389,095</u>
SCHEDULE - C SECURED LOANS	31st MARCH 2011	31st MARCH 2010
A. TERM LOANS :		
1 From Banks - in Rupees Accounts	290,129,475	166,184,662
2 From Banks - in Foreign Currency Accounts	<u>- 290,129,475</u>	<u>- 166,184,662</u>
B. WORKING CAPITAL FINANCE FROM BANKS :		
1 Cash Credit, Over Draft and Packing Credit Finance	359,619,413	231,397,198
2 Working Capital Finance in Foreign Currency	<u>- 359,619,413</u>	<u>- 231,397,198</u>
	<u>649,748,888</u>	<u>397,581,860</u>

Notes :

1. Term Loan from Bank of India is against first pari passu charge on all the Fixed Assets and second charge on Inventory and Book Debts of the Company and further guaranteed by one of the directors. (Due within one year Rs. 447.50 Lacs (299.84 Lacs))
2. Term Loan from Standard Chartered Bank is first pari passu charge shared with Bank of India over all the Fixed Assets (exculding residential flats) and further guaranteed by one of the directors. (Due within one year Rs 235.20 Lacs (235.20 Lacs))
3. Working Capital Finance from Bank of India is against first pari passu charge on Inventory and Book Debts and second charge of Fixed Assets of the Company and further guaranteed by one of the directors.
4. Working Capital Finance from Standard Chartered Bank is against pari passu charge on Inventory and Book Debts of the Company and further guaranteed by one of the Directors.

SCHEDULE- D

Assets	Gross Blcok			Depreciation				Net Block		
	As at 01.04.2010	Additions	Deductions	Total as at 31.03.2011	Up to 31.03.2010	For the Year	On Deductions- Adjustment	Total 31.03.2011	As at 31.03.2011	As at 31.03.2010
1. Freehold Land	7,892,879	49,032,212	-	56,925,091	-	-	-	-	56,925,091	7,892,879
2. Leasehold Land	15,671,021	3,228,420	-	18,899,441	797,616	611,968	-	1,409,584	17,489,857	14,873,405
3. Buildings	94,778,638	11,715,985	-	106,494,623	34,889,820	3,999,640	-	38,889,460	67,605,163	59,888,818
4. Plant & Machinery	493,943,146	223,472,643	-	717,415,789	212,756,555	44,194,884	-	256,951,439	460,464,350	281,186,591
5. Vehicles	7,435,386	1,825,363	-	9,260,749	4,435,802	1,485,982	-	5,921,784	3,338,965	2,999,584
6. Furniture & Fixtures	3,559,160	1,741,411	-	5,300,571	2,677,850	256,645	-	2,934,495	2,366,076	881,310
7. Office Equipment	13,188,372	2,850,918	944,925	15,094,365	10,358,389	720,449	872,010	10,206,828	4,887,537	2,829,983
Total	636,468,602	293,866,952	944,925	929,390,629	265,916,032	51,269,568	872,010	316,313,590	613,077,039	370,552,570
Capital Work In Progress	191,380	13,064,921	191,380	13,064,921	-	-	-	-	13,064,921	191,380
Total	636,659,982	306,931,873	1,136,305	942,455,550	265,916,032	51,269,568	872,010	316,313,590	626,141,960	370,743,950
Previous Year	594,077,823	83,799,081	41,216,922	636,659,982	219,126,147	48,526,255	1,736,370	265,916,032	370,743,950	374,951,676

Rates of Depreciation:

	%
Factory and Office Buildings	5.00
Residential Buildings	3.00
Plant & Machinery	
Single Shift	7.50
Double Shift	9.00
Triple Shift	11.00
Vehicles	20.00
Furniture & Fixtures	10.00
Office Equipment	10.00
Computers	25.00
Limited Life Assets (depending upon the number of years of normal useful life of assets)	

Number of years of normal useful life	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years
Rate of Depreciation, %	67.00	40.00	30.00	22.00

SCHEDULE - E INVESTMENTS		31st MARCH 2011	31st MARCH 2010
Quoted :			
4000 Fully paid up Equity Shares of Re. 1 each of Electrosteel Castings Ltd.		2,825	2,825
Market Value of Quoted Investments Rs.125,200; (212,000)			
		<u>2,825</u>	<u>2,825</u>
Unquoted : (Long-term)			
NIL (1,450,000) Fully paid up Equity Shares of Rs. 10/- each of Janus Cyberserve Limited (an Associate Company)		-	14,500,000
Less: Provision for Diminution in value of investment		-	13,050,000
		<u>-</u>	<u>1,450,000</u>
STEELCAST LLC - USA		223,900	-
Capital Contribution in USD 5,000.00			
		<u>223,900</u>	<u>-</u>
		<u>226,725</u>	<u>1,452,825</u>
SCHEDULE - F CURRENT ASSETS LOANS AND ADVANCES		31st MARCH 2011	31st MARCH 2010
I. CURRENT ASSETS			
1. Inventories			
(As taken, valued and certified by the Management)			
a) Stores & Spares (At cost)		41,635,621	41,106,433
b) Raw Materials (At cost)		46,849,405	16,084,401
c) Semi-finished Goods (At estimated cost)		124,698,496	87,377,257
d) Finished Goods (at lower of the cost or net realisable value)		8,606,888	18,480,824
		<u>221,790,410</u>	<u>163,048,915</u>
2. Sundry Debtors			
(Unsecured Considered Good)			
Over six months		1,615,529	9,987,110
Others		291,311,410	214,692,031
		<u>292,926,939</u>	<u>224,679,141</u>
3. Cash & Bank Balances			
Cash on Hand		957,452	677,257
Balance with Scheduled Banks:			
a. In Current Accounts		39,642,105	9,879,834
b. Dividend Accounts		3,127,050	3,001,699
c. Fixed Deposit Accounts		8,952,938	108,681,689
(Fixed Deposits of Rs. 89.53 lacs (PY: 20.97 lacs) are pledged with a bank against Guarantees and LC Margin Money)			
		<u>52,679,545</u>	<u>122,240,479</u>
4. Other Current Assets			
Balances with Excise Authorities in Current Account		75,407	714,534
DEPB and Duty Draw back Claims Receivable		22,325,932	3,448,558
Input VAT Credit Receivable		20,776,413	10,899,724
Excise Cenvat Credit Receivable		9,947,045	2,906,498
		<u>53,124,797</u>	<u>17,969,314</u>
		<u>620,521,691</u>	<u>527,937,849</u>

SCHEDULE - F CURRENT ASSETS LOANS AND ADVANCES (Contd...)
31st MARCH 2011
31st MARCH 2010
II. LOANS AND ADVANCES

(Unsecured considered Good)

Advances to Suppliers for Goods and Services		17,857,000		5,889,257
Loans and Advances to Employees		1,280,046		878,701
Prepaid Expenses		6,191,185		1,607,541
Advance Payment of Taxes (net of provisions)				
Income Tax	4,909,791		7,515,009	
Fringe Benefit Tax	223,552	5,133,343	412,702	7,927,711
Sundry Deposits		474,935		15,675,330
Loans to others		-		506,667
Other Advances		19,806,776		16,916,380
		<u>50,743,285</u>		<u>49,401,587</u>
		<u>671,264,976</u>		<u>577,339,436</u>

SCHEDULE - G CURRENT LIABILITIES AND PROVISIONS
31st MARCH 2011
31st MARCH 2010
I. Current Liabilities

Sundry Creditors		95,922,558		58,149,246
Advances from Customers		4,091,671		5,291,970
Statutory Liabilities		4,662,009		4,075,925
Investors Education & Protection Fund:				
Unclaimed Dividend		3,127,298		3,002,299
Other Liabilities		17,441,592		14,832,246
		<u>125,245,128</u>		<u>85,351,686</u>

II. Provisions

Provision for Bonus		4,280,116		3,370,328
Provision for Employees' Other Benefits		9,074,497		8,311,489
Proposed Dividend		7,632,986		5,446,603
Corporate Dividend Tax		1,238,261		925,650
		<u>22,225,860</u>		<u>18,054,070</u>
		<u>147,470,988</u>		<u>103,405,756</u>

SCHEDULE - H SALES AND OPERATIONAL INCOME
2010-2011
2009-2010

Sales	1,384,884,841		1,017,781,017	
Less: Excise Duty	86,180,602	1,298,704,239	68,203,647	949,577,370
Exchange Rate Difference (net)		2,331,479		(6,737,582)
DEPB Credit and Export Incentives		31,525,514		12,391,151
		<u>1,332,561,232</u>		<u>955,230,939</u>

SCHEDULE - I OTHER INCOME
2010-2011
2009-2010

Dividend Income		5,125		5,088
Interest Received (Tax Deducted at Source is of Rs. 218,547)		655,102		-
Profit on Sale of Assets (net)		86,889		187,929
Profit on Sale of Investment		725,000		-
Sundry Balances written back (net)		727,117		1,181,174
Miscellaneous Income		660,909		22,108
		<u>2,860,142</u>		<u>1,396,299</u>

SCHEDULE - J CHANGE IN INVENTORY		2010-2011		2009-2010	
<u>Closing Stock:</u>					
Finished Goods	8,606,888			18,480,824	
Semi-finished Goods	124,698,496	133,305,384		87,377,257	105,858,081
<u>Less: Opening Stock:</u>					
Finished Goods	18,480,824			33,046,622	
Semi-finished Goods	87,377,257	105,858,081		66,791,621	99,838,243
		(27,447,303)			(6,019,838)
SCHEDULE - K		2010-2011		2009-2010	
MATERIALS AND MANUFACTURING EXPENSES					
<u>Raw Material Consumed:</u>					
Opening Stock	16,084,401			11,727,194	
Add: Purchases	467,471,290			268,690,822	
	483,555,691			280,418,016	
Less: Closing Stock	46,849,405	436,706,286		16,084,401	264,333,615
<u>Manufacturing Expenses:</u>					
Stores Consumed	267,252,358			212,351,405	
Other Manufacturing Expenses	113,420,481			81,058,668	
Power, Fuel and Water Charges	191,552,767			146,988,382	
Machinery Repairs	8,960,116	581,185,722		39,885,71	444,387,026
		1,017,892,008			708,720,641
SCHEDULE - L		2010-2011		2009-2010	
ADMINISTRATIVE AND OTHER EXPENSES					
<u>Personnel Costs:</u>					
Salaries, Wages, Bonus and Other Emoluments	102,894,897			70,011,500	
Contribution to Provident Fund, ESI, Gratuity and Superannuation Funds	13,501,705			12,017,284	
Employees' Welfare Expenses	4,308,530	120,705,132		2,315,646	84,344,430
<u>Sales and Distribution Costs:</u>					
Sales Commission	1,763,070			1,944,683	
Sales Promotion Expenses	1,131,089			895,973	
Export Sales Commission	8,865,529			6,426,807	
Export Market Development [including Directors' travelling Rs. 1,110,341(1,134,306)]	1,632,703			2,105,218	
Other Sales Expenses	29,160,661	42,553,052		17,050,526	28,423,207

SCHEDULE - L ADMINISTRATIVE AND OTHER EXPENSES (Contd....)		2010-2011	2009-2010	
<u>Establishment Cost:</u>				
Travelling [Including Directors' travelling Rs. 1,461,888 (1,177,822)]		2,957,832		3,804,176
Rent		117,150		30,000
Rates and Taxes		639,320		622,005
Insurance		570,909		472,314
Repairs to Building and Others		2,582,127		2,981,259
Payments to Auditors		169,000		174,000
Directors' Sitting Fees		285,000		320,000
Legal & Professional Fees		8,318,913		2,958,351
Bank Discount and Commission		3,970,247		1,934,261
Advertisement Expenses		456,401		876,477
Donations		261,333		132,125
General Expenses		4,772,809	25,101,041	3,734,730
			188,359,225	18,039,698
				130,807,335
SCHEDULE - M BORROWING COST				
		2010-2011	2009-2010	
<u>Interest:</u>				
Term Loans		17,835,412		22,698,087
Working Capital Finance (net)		24,163,886		7,463,771
Others		1,048,038	43,047,336	893,725
Exchange Rate Difference on Foreign Currency Borrowings			423,713	1,583,989
			43,471,049	32,639,572

SCHEDULE - N
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2011

- a. Figures in the brackets are the figures for the previous year, unless otherwise stated.
- b. All the amounts are stated in Indian Rupees, unless otherwise stated.
- c. Previous year's figures are regrouped and rearranged, wherever necessary.

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India, the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2010 and the relevant provisions of the Companies Act, 1956 and are based on the historical cost convention on an accrual basis.

USE OF ESTIMATES:

The preparation of financial statement in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

FIXED ASSETS:

Fixed Assets are stated at cost less depreciation. Depreciation up to 1997-98 is provided on Straight Line Method at the rates and in the manner specified in schedule XIV in accordance with the provisions of section 205 (2) (b) of the companies Act, 1956. From the year 1998-99, the company has, on the basis of periodic technological evaluation, re-determined the useful life of the assets and depreciation thereon is provided accordingly at the rates stated in the schedule D to the accounts, which are higher than the rates specified in the schedule XIV to the Companies Act.

INVESTMENTS:

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value. Dividends are accounted for as and when the right to receive the same is established.

INVENTORIES:

Raw materials and Stores & Spares are valued at cost on weighted average basis. Semi-finished goods are valued at estimated cost. Finished goods are valued at lower of the cost or net realizable value. Inventories are stated as taken, valued and certified by the management.

SALES:

Sales comprise sale of goods and other related charges net of trade discount.

EXCISE AND CUSTOM DUTY:

Excise Duty in respect of goods manufactured by the company is, according to the method consistently followed by the company, accounted for at the time of removal of goods from the factory for sale. However, excise duty payable on the closing stock of finished goods is provided for in the accounts.

Purchases of goods and fixed assets are accounted for net of excise cenvat credit availed. Custom duty paid on import of materials is dealt with in respective materials accounts.

RESEARCH & DEVELOPMENT:

Revenue expenditure on Research & Development is charged against the profit of the year in which it is incurred. Capital expenditure on Research & Development is shown as an addition to Fixed Assets and depreciated on the same basis as other assets.

FOREIGN CURRENCIES:

Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Differences arising out of foreign exchange rates are dealt with in the profit & loss account. Current assets and current liabilities relating to foreign currency transactions and foreign currency loans remaining unsettled at the end of the year are translated at the closing rates and profit or loss arising therefrom is dealt with in the profit & loss account.

EMPLOYEE BENEFITS:

Post-employment benefit plans

- i. Defined Contribution Plan: Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner. Contribution for Superannuation in respect of certain employees of the company is made in accordance with the scheme with Life Insurance Corporation of India.
- ii. Defined Benefit Plan: The liabilities in respect of gratuity and leave encashment are determined using Projected Unit Credit Method with actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of respective fund.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service.

BORROWING COSTS:

Net cost of borrowed funds for the projects are capitalized and included in the cost of fixed assets till its completion and other borrowing costs are recognized as expenses in the period in which they are incurred.

TAXATION:

Provisions are made for current income tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

EARNING PER SHARE:

Basic Earning Per Share (EPS) is computed by dividing the net profit for the year attributable to the equity shareholders, by weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding at the year-end.

PROVISION AND CONTINGENCIES:

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

2. During the financial year 2009-10, the Company had issued 360,000 convertible equity warrants of Rs. 10/- each to M/s. Tamboli Investments Private Limited, a Body Corporate under the Promoters' Group on preferential basis at a premium of Rs. 56.50 per warrant. Against the said warrants, 180,000 shares have been allotted during the previous financial year 2009-10 and the balance 180,000 shares have been allotted during the current financial year and share capital of the Company has increased to that extent.
3. Balances with sundry debtors, sundry creditors and for advances are subject to confirmations.
4. Interest on Term Loans and to banks as stated in Schedule-M is net of interest receipts from others Rs. 1,978,819 (3,434,905).
5. Regarding appointment of Mr. M F Tamboli as Mentor and Management Advisor, on an application being made to the appropriate authority seeking approval u/s 297, we were informed that since the said agreement did not come within the ambit of Section 297, our application was not maintainable. The appointment was duly done thereafter. However, as a matter of abundant precaution and based on further legal advise obtained, a representation has been made yet again to reconsider the application u/s 297 and the same is still pending disposal. The Company is making regular payments as per the agreement to the appointee Rs.1,509,548 (Rs.1,356,164).
6. As the company's business activity, in the opinion of the management, falls within a single primary segment subject to the same risks and returns, the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable.
7. Based on the information available with the company, there are no overdue amounts outstanding as at the balance sheet date due to the vendors falling under the Micro, Small and Medium Enterprises Development Act, 2006.
8. In the opinion of the Directors, the current assets, loans and advances are approximately of the value as stated in the balance sheet, if realized in the ordinary course of the business. The provision of all known liabilities is adequate and not in excess of the amount reasonably required.

9. Advance payments of income tax are shown net of provisions of Rs. 26,500,000 including current year's advance tax payments of Rs. 12,854,285 (17,382,566).

10. Contingent Liabilities:

(i) Guarantees given by the bank and counter guaranteed by the company: Rs. 53,836,905 (20,762,608).

(ii) In respect of Service tax: Rs. 75,000 (75,000)

(iii) In respect of disputed stamp duty: Rs. 24,551 (24,551)

(iv) Claims against the Company, not acknowledged as debt: Rs.1,059,897 (1,059,897).

(v) In respect of Central Sales Tax in respect of non collection of C forms: Rs. 3,686,641 (17,052,268).

(vi) Some retrenched employees of the company have preferred an appeal for their reinstatement, liability of which is unascertainable pending decision of the higher court. The company, however, does not expect any liability to arise on this account as the said retrenchment was lawfully made as per the order of the Dy Commissioner of Labour, Government of Gujarat and Gujarat Industrial Tribunal.

(vii) In respect of disputed Value Added Tax Liabilities: Rs. 605,580 (NIL).

(viii) In respect of disputed Income Tax Liabilities: Rs. 475,217 (NIL).

11. Deferred tax liabilities of Rs. 8,500,000 (400,000) arising during the year, a major component of which is due to timing difference related to depreciation charged in the accounts and as claimed under the Income Tax Act, is debited to the profit & loss account. Details of the balance of Rs. 48,400,000 are as under:

Particulars	Rs.
Depreciation	64,017,540
Disallowances u/s 43B of the Income Tax Act & Others	(15,617,540)
Total...	48,400,000

12. The management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) – 28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

13. Payments to Auditors:

Particulars	2010-2011	2009-2010
Audit Fees	110,000	110,000
In other capacity	59,000	64,000

14. Personnel costs include managerial remuneration as under:

Particulars	2010-2011	2009-2010
Salary	2,830,000	2,120,932
Perquisites and Allowances	413,353	279,279
Contribution to PF and other Funds	929,089	690,202
Commission	2,026,465	1,154,660
Total...	6,198,907	4,245,073

15. Computation of net profit in accordance with section 198 read with section 349 and 350 of the Companies Act, 1956:

Particulars	Rs.
Profit Before Tax as per Accounts	61,876,827
Add: Managerial Remuneration	6,198,907
Add: Directors' sitting Fees	285,000
Less: Profit on Investment	725,000
Less: Profit on sale of Assets (net)	86,889
	67,548,845

Commission @ 1% or 2% of the above, as the case may be, to two whole-time directors, aggregating to Rs.2,026,465. (Previous year @0.50% or 2%)

16. Related Party Disclosures:

a. Associates:

- Janus Cyberserve Limited till July 31, 2010
- Steelcast LLC - USA

b. (i) Key Management Personnel and Their Relatives:

- Mr. T Kumar
- Mr. C M Tamboli
- Mr. M.F.Tamboli
- Mrs.M.C.Tamboli

	Nature of Transactions:	2010-2011	2009-2010
	Key Management Personnel:		
1	Remuneration	6,198,907	4,245,073
2	Professional fees.	1,509,548	1,356,164
3	Directors Sitting Fees	40,000	50,000

Details of balances outstanding as on 31st March 2011:

	Associates	Key Management Personnel
Other Liabilities	-	2,081,965
	-	(1,154,660)
Investments	223,900	-
	(14,500,000)	-

17. Disclosure as per AS – 15 (Revised) on "Employee Benefit" for the year ended 31st March 2011:

	Gratuity Plan Rs. (2010-11)	Gratuity Plan Rs. (2009-10)
Change in the defined benefit obligations		
Defined benefit obligations as at 1st April 2010	20,194,647	17,365,844
Service cost	1,312,192	971,177
Interest cost	1,615,572	1,389,268
Actuarial loss/(Gain)	4,118,315	2,395,925
Benefits paid	(3,539,556)	(1,927,567)
Defined benefit obligations as at 31st March 2011 (a)	23,701,170	20,194,647
Change in plan assets		
Fair Value of plan assets as at 1 st April 2010	22,069,641	20,534,384
Expected return on plan assets	2,072,798	1,909,019
Contributions by employer	3,876,512	1,553,805
Actuarial Gain/(loss)	-	-
Benefits paid	(3,539,556)	(1,927,567)
Fair Value of plan assets as at 31 st March 2011 (b)	24,479,365	22,069,641
Present Value of unfunded obligations (a-b)	-	-
The net amount recognized in the statement of profit and loss for the year ended 31 st March 2011 is as follows:		
Current service cost	1,312,192	971,177
Interest cost	1,615,572	1,389,268
Expected return on plan assets	(2,072,798)	(1,909,019)
Net actuarial loss/(gain) recognized	4,118,315	2,395,925
Net amount recognized	4,973,281	2,847,351
Actual Return on Plan Assets		
The principal actuarial assumptions used as at 31 st March 2011 are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	9.25%
Rate of increase in compensation levels	7.00%	5.00%

18. QUANTITATIVE INFORMATION

(As certified by the Management)

a. Installed Capacity and Actual Production: (in MTs)

	Installed Capacity	Actual Production
Steel Casting (Net of Rejections)	13,000 (13,000)	9,010 (7,020)

Note: Installed capacity is dependent on product mix and specification of castings and therefore, actual production cannot be directly compared with the installed capacity.

b. Raw Materials Consumed:

	Qty in MTs	Rs.
Steel Scrap	10,730 (8,693)	264,449,924 (180,497,147)
Ferro Alloys	535 (468)	172,256,362 (83,836,468)
Total...	11,265 (9,161)	436,706,286 (264,333,615)

c. Sales and Stocks of Finished Goods:

	Qty in MTs	Rs.
Sales (Castings)	9,116 (7,200)	1,298,704,239 (949,577,370)
Opening Stock	164 (344)	18,480,824 (33,046,622)
Closing Stock	58 (164)	86,06,888 (18,480,824)

d. Value of Consumption of Imported Materials and percentage of each to total consumption:

	Imported		Indigenous	
	Rs.	%	Rs.	%
Raw Materials	31,068,191 (8,436,652)	7.11 (3.19)	405,638,095 (255,896,963)	92.88 (96.81)
Stores and Spares	11,055,665 (14,915,133)	4.14 (7.10)	256,196,693 (195,044,702)	95.86 (92.90)

e. Value of Imports on CIF basis:

	2010-2011	2009-2010
Raw Materials	46,705,721	7,606,878
Stores & Spares	4,390,089	17,781,950

f. Expenditure in Foreign Currency (Payment Basis):

	2010-2011	2009-2010
Export Sales Commission	8,948,121	7,036,026
Travelling Expenses	601,253	531,812
Membership & Subscription	11,301	11,363
Casting Repair Charges	13,374,130	11,518,546
Legal & Professional Fees	13,107,821	-

g. Earnings in Foreign Currency:

	2010-2011	2009-2010
Exports (FOB basis)	460,957,113	217,205,741

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956**

I	REGISTRATION DETAILS:		
	Registration No (CIN)	:	L27310GJ1972PLC002033
	State Code	:	04
	Balance Sheet Date	:	31.03.2011
II	CAPITAL RAISED DURING THE YEAR:		(Rs in Lacs)
	Public Issue	:	Nil
	Right Issue	:	Nil
	Bonus issue	:	Nil
	Private Placement/Preferential allotment	:	18.00
III	POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS:		
	Total Liabilities	:	11,501.63
	Total Assets	:	11,501.63
	Sources of Funds		
	Paid up Capital	:	400.67
	Share Application Money	:	-
	Reserves & Surplus	:	4,119.47
	Deferred Tax Liabilities	:	484.00
	Secured Loans	:	6,497.49
	Unsecured Loans	:	-
	Application of Funds		
	Net Fixed Assets	:	6,261.42
	Investments	:	2.27
	Net Current Assets	:	5,237.65
	Miscellaneous Expenditure	:	-
IV	PERFORMANCE OF THE COMPANY:		
	Total Income	:	13,354.21
	Total Expenditure	:	12,735.45
	Profit Before Tax	:	618.77
	Profit After Tax	:	432.59
	Earnings per Share (Rs)	:	11.33
	Dividend Rate (%)	:	20
V	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY:		
	(as per monetary terms)		
	Item Code	:	NA
	Product Description	:	Steel Castings

Signatures to Schedule A to N

As per our Report of even date

For SANGHAVI & COMPANY
Chartered Accountants
FRN: 109099W

For and on Behalf of the Board

MANOJ GANATRA
Partner
Membership No. 043485

T KUMAR
Executive Chairman

C M TAMBOLI
Vice Chairman & Managing Director
and Chief Executive Officer

Bhavnagar
28th May 2011

Bhavnagar
28th May 2011



STEELCAST LIMITED

Regd. Office : Ruvapari Road, Bhavnagar, Gujarat, India 364 005.

PROXY FORM

I/We.....residing at.....
..... being member(s) of the above named Company, with my/our shareholding details as shown below, hereby appoint, residing at.....
..... or failing him/ her,
..... residing at.....
..... as my/our Proxy to attend and vote on my/our behalf at the Fortieth Annual General Meeting of the Company, to be held on Tuesday, July 19, 2011, at 1630 hours and at any adjournment thereof.

Number of Equity Shares held		
Folio Number		
If Demat Shares	DP ID	
	Client ID	

Signed on this..... day of 2011

Signature across Revenue stamp

Affix
Rs.1.00
Revenue
Stamp

- Note :
1. The Proxy Form must be returned so as to reach the Registered Office of the Company not less than FORTYEIGHT HOURS before the scheduled time for holding the aforesaid meeting.
 2. A Proxy need not be a member of the Company.

STEELCAST LIMITED

Regd. Office : Ruvapari Road, Bhavnagar, Gujarat, India 364 005.

ATTENDANCE FORM

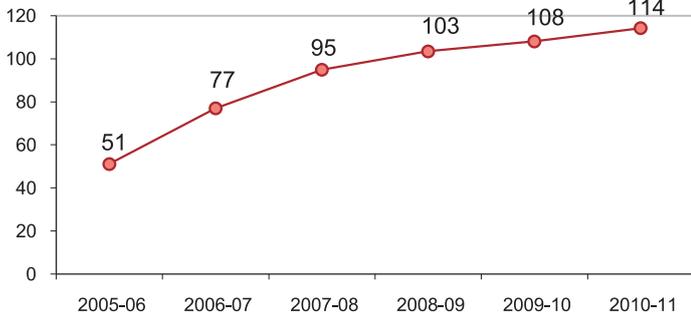
Name of Shareholder		
Number of Equity Shares held		
Folio Number		
If Demat Shares	DP ID	
	Client ID	

I hereby record my presence at the Fortieth Annual General Meeting of the Company at Nilambag Palace Hotel, Bhavnagar at 1630 hours on July 19, 2011.

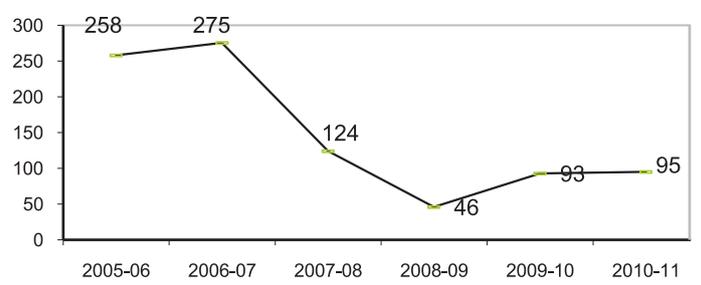
Signature of the attending Member/Proxy	
---	--

- Note :
1. A Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
 2. He/She is advised to bring along a copy of the Annual Report to the meeting for reference.

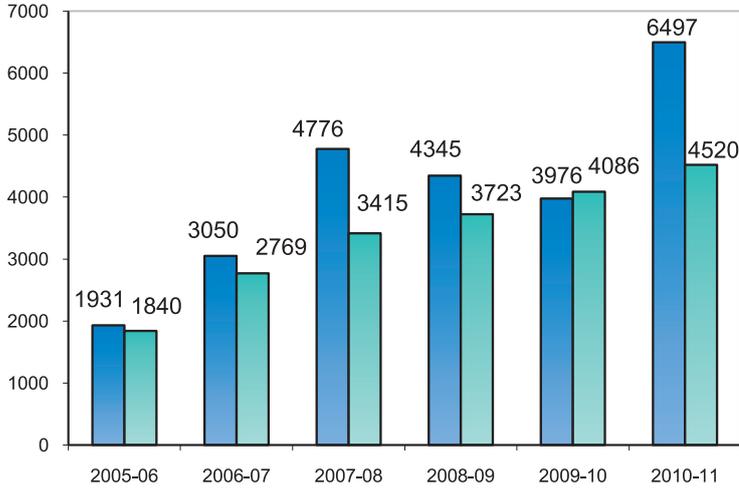
**Book Value Per Share
(₹)**



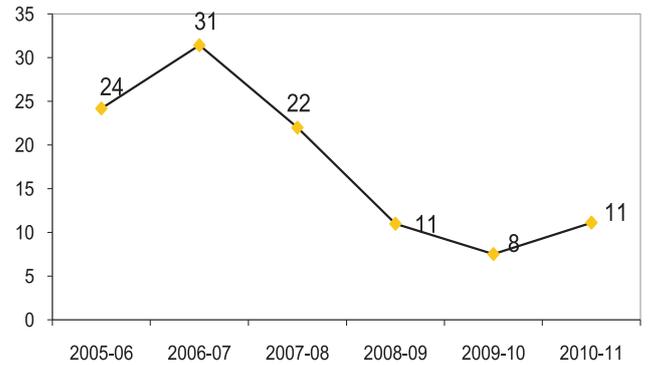
**Market Price per Share
(As on close of 31st March of respective year)
(₹)**



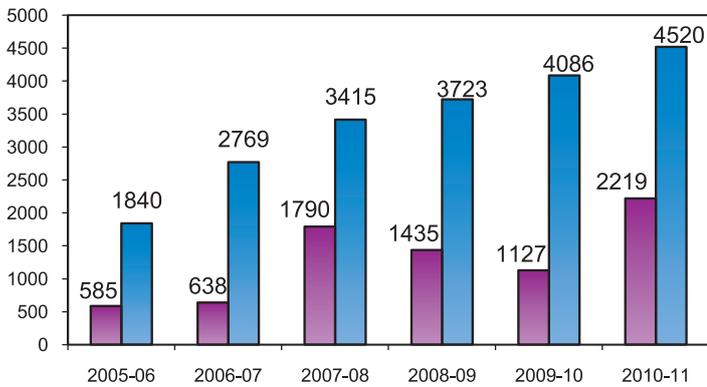
Debt to Net Worth (₹ in Lacs)



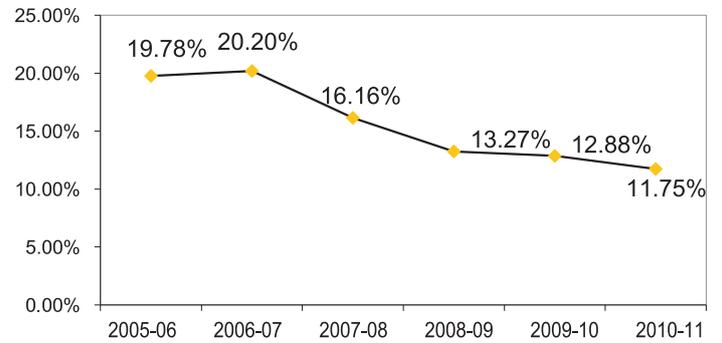
Earning Per Share (₹)



**Long Term Debt to Net Worth
(₹ in Lacs)**



EBIDTA



BOOK-POST

To,



If undelivered, please return to :
STEELCAST LIMITED
Ruvapari-Road,-Bhavnagar-
Gujarat,-INDIA-364-005.