



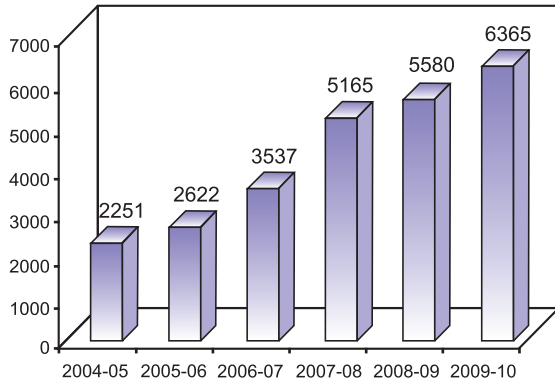
STEELCAST LIMITED

39th Annual Report

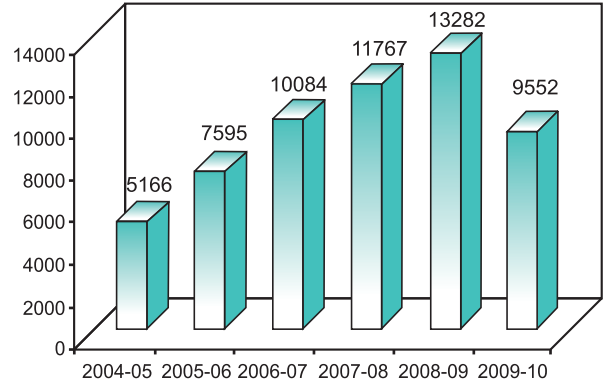
2009-10



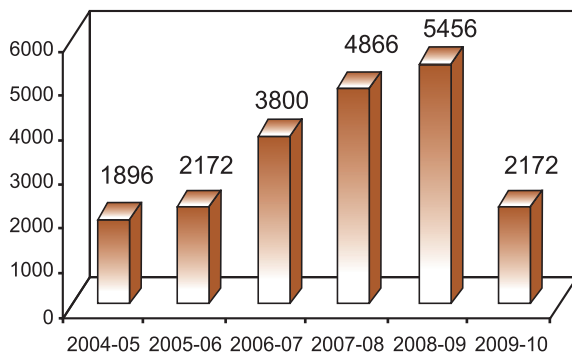
**Gross Block of Fixed Assets
(Rs. in Lacs)**



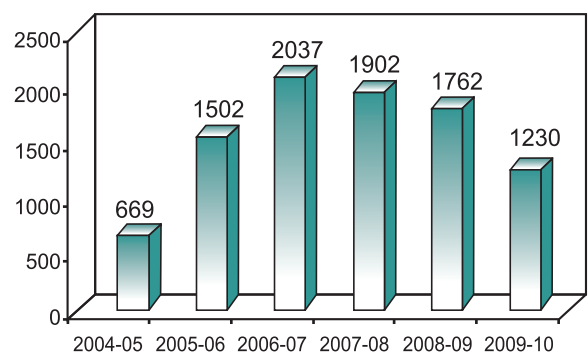
**Sales and Operational Income
(Rs. in Lacs)**



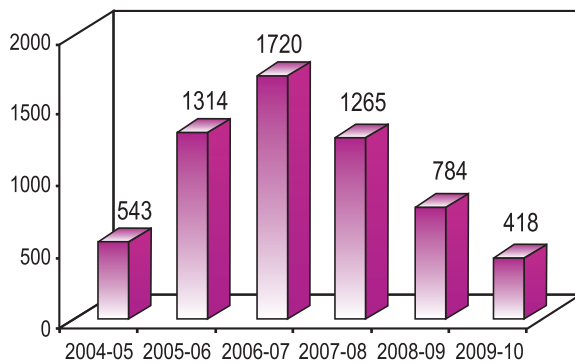
**Export Earnings (FOB)
(Rs. in Lacs)**



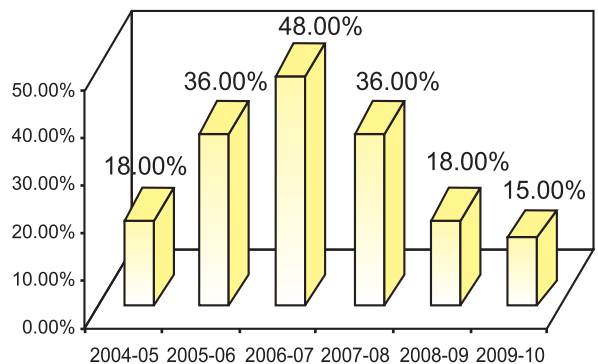
**Operating Profit (EBIDTA)
(Rs. in Lacs)**



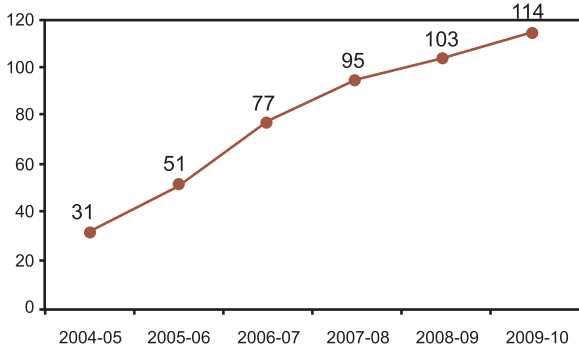
**Profit Before Tax (PBT)
(Rs. in Lacs)**



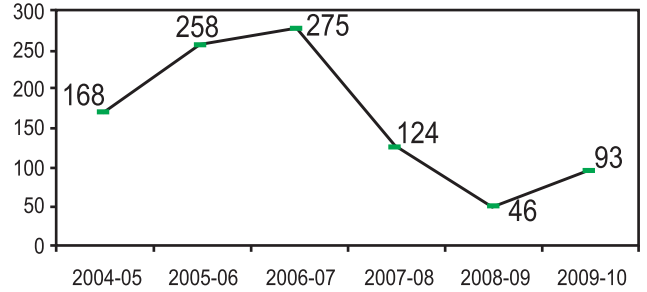
Dividend on Equity Share



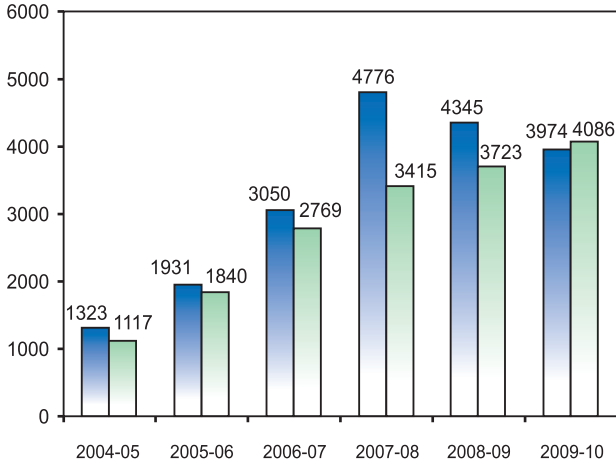
**Book Value Per Share
(Rs.)**



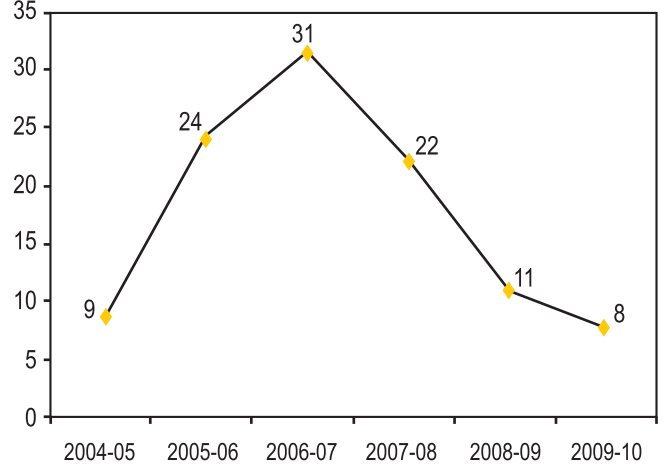
**Market Price per Share
(As on close of 31st March of respective year)
(Rs.)**



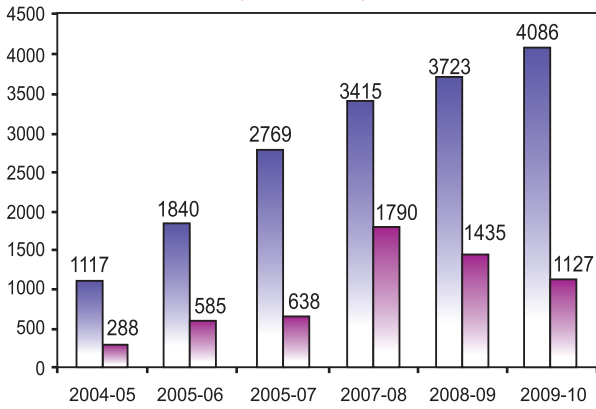
Debt to Net Worth (Rs. in Lacs)



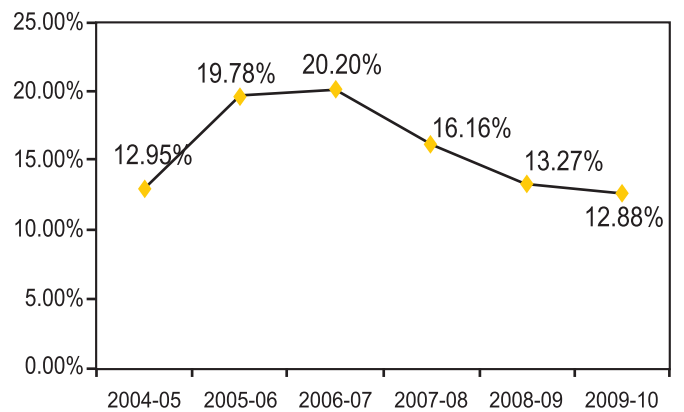
Earning Per Share (Rs.)



**Long Term Debt to Net Worth
(Rs. in Lacs)**



EBIDTA



BOOK-POST

To,



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

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

Chairman
Vice Chairman & Managing Director

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)

| Sr. No. | Aspect | As at the end of 31st March | | | | |
|---------|------------------------------|-----------------------------|-----------|-----------|-----------|----------|
| | | 2006 | 2007 | 2008 | 2009 | 2010 |
| 1 | Total Income | 7,621.28 | 10,103.28 | 11,786.95 | 13,283.27 | 9,566.27 |
| 2 | Operating Profit | 1,501.83 | 2,037.26 | 1,901.80 | 1,759.09 | 1,229.75 |
| 3 | Profit After Tax | 874.46 | 1,117.94 | 804.88 | 511.16 | 278.44 |
| 4 | Net Worth | 1,840.19 | 2,769.49 | 3,415.46 | 3,723.00 | 4,086.49 |
| 5 | Borrowed Funds | 1,930.57 | 3,050.22 | 4,776.05 | 4,344.77 | 3,973.78 |
| 6 | Fixed Assets (Net) | 1,127.01 | 2,181.16 | 3,397.67 | 3,749.52 | 3,707.44 |
| 7 | Net Current Assets | 2,729.29 | 3,780.76 | 5,039.05 | 4,698.72 | 4,737.29 |
| 8 | Book Value Per Share (Rs.) | 51 | 77 | 95 | 103 | 108 |
| 9 | Earning Per Share (Basic) | 24.19 | 31.43 | 21.85 | 10.65 | 7.64 |
| 10 | Dividend (%) | 36.00 | 48.00 | 36.00 | 18.00 | 15.00 |
| 11 | Debt Equity Ratio | 1.05 | 1.10 | 1.40 | 1.17 | 0.97 |
| 12 | Operating Profit to Sale (%) | 19.78 | 20.20 | 16.16 | 13.24 | 12.86 |

STEELCAST LIMITED

Ruvapari Road, Bhavnagar, Gujarat 364 005.

Members of the Company are hereby given notice for the 39th Annual General Meeting, the schedule of which and the business to be transacted therein, are given below:

Day and Date : **Wednesday, July 14, 2010**
Time : **1600 Hrs**
Venue : **Nilambag Palace Hotel, Bhavnagar**

Ordinary Business:

1. To consider and adopt the Balance Sheet as at March 31, 2010 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 2009-10.
3. To appoint a Director in place of Mr. C M Tamboli, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V B Buch, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Sanghavi & Co., Chartered Accountants, Bhavnagar as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business:

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

"RESOLVED THAT pursuant to section 198, 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended, the Company hereby accords its approval to the re-appointment of Shri T Kumar as a Whole Time Director with the existing designation of CHAIRMAN, for a further period of five years with effect from September 1, 2010, upon the remuneration comprising of:

- a) Salary of Rs. 110,000/- per month in the scale of Rs. 110,000-5,000-135,000 with future increments due on 1st September every year thereafter.
- b) Conveyance Allowance of Rs. 3,000 per month.
- c) Perquisites and Other terms and conditions, more particularly described in the draft agreement to be entered into between the Company and Shri T Kumar, placed before the meeting and duly initialed by the Chairman for the purpose of identification.
- d) Commission at the rate of 1% of the profit in any financial year, calculated as per the provisions of section 309 (5) of the Companies Act, 1956.

Provided that, where in any financial year during the currency of tenure of Shri T Kumar, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances and perquisites stated hereinabove in accordance with the provisions of Schedule XIII to the Companies Act, 1956, as amended.

RESOLVED FURTHER THAT draft agreement to be entered into between the Company and Shri T Kumar, placed before the meeting and duly initialed by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary the terms and conditions of the aforesaid appointee, including the terms of remuneration payable to him, provided that the modified remuneration shall be within the ambit of the provisions of Schedule XIII

to the Companies Act, 1956, as amended.

RESOLVED FURTHER THAT Shri C M Tamboli, VICE CHAIRMAN & MANAGING DIRECTOR of the Company be and is hereby authorized to execute and sign the agreement, including any supplementary agreements as may be required at a future date, on behalf of the Company with Shri T Kumar and the common seal of the Company be affixed on the said agreement in his presence.”

Registered Office:

Ruvapari Road,
Bhavnagar, Gujarat 364 005.
Date: 20.4.2010

BY ORDER OF THE BOARD OF DIRECTORS

(K K Mehta)
GENERAL MANAGER (FINANCE)
& COMPANY SECRETARY

Notes:

1. A member entitled to attend and vote at the above meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. To ensure correct identity of the members for the smooth conduct of the General Meeting, each Member and Proxy Holder attending the meeting is expected to bring with him/her an appropriate ID document like a Driving license, Passport, Voter ID Card etc.
3. Register of Members shall remain closed from 7.7.2010 to 14.7.2010 (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 6.7.2010** as per the list provided by National Securities Depository Ltd (NSDL) and Central Depositories Services Ltd (CDSL) in respect of the shares held in electronic form and as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company **before 7.7.2010**.
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: 20.4.2010

BY ORDER OF THE BOARD OF DIRECTORS

(K K Mehta)
GENERAL MANAGER (FINANCE)
& COMPANY SECRETARY

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:

Special Resolution as mentioned in item No. 6 relate to re-appointment of Shri T Kumar as a Whole Time Director of the Company, with the present designation of CHAIRMAN, for a further period of five years with effect from September 1, 2010 according to the provisions of Schedule XIII to the Companies Act, 1956, as amended.

Shri T Kumar has been associated with the Company as a Whole Time Director from 22.9.1979. The Board of Directors promoted him as CHAIRMAN of the Company with effect from 1.1.2009. His last appointment as a Whole Time Director in pursuance of the provisions under Schedule XIII to the Companies Act, 1956 was from September 1, 2005 for a period of five years and the shareholders had approved the said appointment on 15.6.2005. His present term is expiring on August 31, 2010.

Considering his rich and wide experience and expertise in the foundry industry, long term association with the Company, business acumen and substantial contribution to the growth of business of the Company, the Board of Directors has re-appointed Shri T Kumar as a Whole Time Director designated as CHAIRMAN for a further period of five years from September 1, 2010, in pursuance of the provisions of Schedule XIII to the Companies Act, 1956, as amended, subject to approval of shareholders.

The appointment is made subject to the terms and conditions contained in the draft agreement, some contents of which are described in the above resolution, duly initialed by the CHAIRMAN for the purpose of identification and available for inspection at the Registered Office of the Company on any working day between 1400 and 1700 Hrs.

The approval of the shareholders to the above appointment and remuneration being required by law, the matter is being placed for your consideration. Shri T Kumar having attained 70 years of age, the approval of the shareholders is required in the form of a Special Resolution. The Board of Directors recommends the resolution for your approval. Except Shri T Kumar, none of the Directors is concerned or interested in the above resolution.

The explanatory statement is and should be treated as an abstract under section 302 of the Companies Act, 1956, as amended.

DIRECTORS' REPORT

To: Members

Your Directors have pleasure in presenting the Thirty-ninth Annual Report and Audited Statement of accounts of the Company for the period ended March 31, 2010.

1. FINANCIAL RESULTS:

The following are the working results:

(Rupees in Lacs)

| Sr. No. | Particulars | 2009-10 | 2008-09 |
|---------|---|--------------|---------------|
| 1 | Sales | 9,552 | 13,282 |
| 2 | Other Income | 14 | 1 |
| 3 | Total income | 9,566 | 13,283 |
| 4 | Profit Before Depreciation & Tax (PBDT) | 903 | 1,199 |
| 5 | Less: Depreciation | 485 | 415 |
| 6 | Profit Before Taxation (PBT) | 418 | 784 |
| 7 | Less: Taxation (all Taxes) | 140 | 271 |
| 8 | Profit After Taxation (PAT) | 278 | 513 |
| 9 | Add: Balance brought forward from last year | 125 | -- |
| 10 | Add: Prior Period Adjustments | 1 | 1 |
| 11 | Less: Exceptional items | - | 131 |
| 12 | Amount Available for Appropriation | 402 | 383 |
| | Appropriations: | | |
| | (a) Proposed Dividend | 54 | 65 |
| | (b) Corporate Dividend Tax | 9 | 11 |
| | (c) General Reserve | 214 | 182 |
| | Balance to be carried forward | 125 | 125 |
| | Total | 402 | 383 |

2. SALIENT FEATURES OF COMPANY'S WORKING DURING THE YEAR: During the Financial Year 2009-10, the Company witnessed reduction in revenue and Profit After Tax (PAT) by 28% and 46% respectively. The following factors have contributed to the drop in sales and PAT:

- a) The severe drop in sales during the first half of 2009-10 was due to deferment or cancellation of orders from several customers in the situation of overall slowdown in global economy and higher customer rejection.
- b) The spurt in the cost of inputs.
- c) Exchange rate difference due to depreciation of Rupee against Euro during most part of the year resulting into higher outflow on Foreign Currency Loan repayments. Further, sudden appreciation of Rupee against Euro in the last quarter has resulted into lower sales realization.

3. **EXPORTS:** During the year, the Company's exports declined by more than 60% compared to previous Financial Year. In absolute terms, the FOB value of exports have been at Rs. 2,172.06 lacs compared to Rs. 5,455.64 lacs 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, 2005 | 1,895.62 |
| 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* |

* The impact of global recession was felt particularly severely by the foreign buyers and hence the severe drop in export.

Due to reduction in exports as above, the Profit After Tax of the Company has also reduced substantially.

4. **DIVIDEND:** In view of the lower profitability of the Company, your Directors recommend payment of dividend on Equity Capital @ 15% for the year ended March 31, 2010, 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 1988, are annexed hereto and form part of this report.
6. **DISCLOSURE CONCERNING EMPLOYEES:** As required under the provisions of Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, the name and other particulars of employees are set out in the annexure included in this report.
7. **QUALITY:** In light of the quality problems faced in our products at customers' end, we have further tightened our internal acceptance standards in all areas of operations and regular review of the same is also done constantly. Further, the company is going to incur major capital expenditure in the Financial Year 2010-11 towards introduction of Automated No-Bake Moulding Loop of producing steel castings which is world over acknowledged and recognized for the production of high quality steel castings. The transition to this technology, once implemented will give better results in terms of further improvements in the quality of the steel castings produced as well as better operating efficiencies in the company.
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. C M Tamboli and Mr. V B Buch retire by rotation and being eligible offer themselves for re-election.
10. **PERSONNEL:** The industrial relations during the year have been cordial and we expect to continue the same in future also.
11. **AUDITORS' REPORT:** The Notes contained in the Auditors' Report being self-explanatory do not require additional comment.
12. **CORPORATE GOVERNANCE:** Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance as well as a Management Discussion and Analysis Report of the Company are enclosed and form part of this report.

13. **COMPLIANCE CERTIFICATE:** Pursuant to the provisions of section 383A of the Companies Act, 1956, a certificate of compliance by a Practicing Company Secretary is attached herewith and forms 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 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 is available elsewhere in this report.
16. **DIRECTORS' RESPONSIBILITY STATEMENT:**
- It is hereby confirmed that:
- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
 - c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - d. The Directors have prepared the annual accounts for the year ended March 31, 2010 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 re-appointment. 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: 20.4.2010

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:

Modification of Heat Treatment furnace for improving fuel efficiency.

Total Investment: Rs. 13.05 lacs.

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

Total Investment : Rs. NIL

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

i) For (a) above : Experiment under progress.

ii) For (b) above : NIL

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

i) Impact Properties from castings at -40'C.

ii) Shot Peening (Controlled Shot Blasting) on limited area of castings.

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

R&D work is in progress. Likely benefits would be Rs 40,00,000/- per year (Estimated new business).

3. Future plan of action:

i) Controlled quenching process for obtaining fully martensitic micro structure.

ii) Improved sub-surface soundness through No-Bake mold and core process.

4. Expenditure on R&D:

a) Capital : Rs NIL

b) Recurring : Rs 5,347,604.00

c) Total : Rs 5,347,604.00

d) Total R&D expenditure as a percentage of total turnover : 0.56%.

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has in place well developed programmes of:

a) Continuous Improvement Plan (CIP)

b) Product Development

c) Process Development

d) Materials Development

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

2. Benefits derived as a result of the above efforts: Product Development, Cost Reduction, Process Development, import substitution, etc., have resulted into savings of Rs. 101.34 lacs during the year 2009-10.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is 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: | 5.05 |
| Foreign Exchange Outgo in US\$ Million (For Capital items): | 0.25 |
| Foreign Exchange Outgo in US\$ Million (For Revenue items): | 0.31 |

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 31.3.2010:

| 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 |
|-------------------------|--|-------------------------------|---------------------|----------------------------|---|----------------|---|
| 3. Mr. Chetan M Tamboli | Vice Chairman & Managing Director | 2,514,096 | M.B.A. (Finance) | 27 | 10.8.1983 | 51 | 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, 2010 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, health and safety, commitment to employees and environment protection. The philosophy of the Company relating to quality is reflected in its Quality Policy Statement, which reads as follows:

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

Board of Directors:

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

Two Executive Directors, including the Chairman.

One Non-Executive and Non-Independent Director.

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 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

| Name | Number of Board Meetings attended out of six meetings held in 2009-10 | Whether attended last AGM | Number of other Directorships | | Number of outside Committees memberships/ Chairmanships | |
|---|---|---------------------------|-------------------------------|---------|---|----------|
| | | | Public | Private | Member | Chairman |
| Non-Executive & Independent: | | | | | | |
| Mr. V B Buch | 4 | Yes | 2 | - | - | - |
| Mr. R V Gandhi | 3 | Yes | 3 | 2 | 4 | 2 |
| Mr. A R Shah | 4 | Yes | 6 | 1 | 4 | 1 |
| Mr. R V Shah | 5 | No | - | 4 | - | - |
| Mr. R R Gandhi | 2 | No | 4 | 4 | - | - |
| Non-Executive & Non-Independent: | | | | | | |
| Mrs. M C Tamboli | 5 | Yes | - | - | - | - |
| Executive: | | | | | | |
| Mr. T Kumar | 5 | Yes | 1 | - | - | - |
| Mr. C M Tamboli | 6 | 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. C M Tamboli | 9.12.1959 | 31.8.1991 | 1. Finance 2. Materials Management 3. Management Information Systems 4. Statutory Requirements 5. Overall Management | M. B.A. | 4 |
| 2 | Mr. V B Buch | 21.2.1940 | 24.7.2000 | 1. Public Administration 2. Management | I.A.S. (Retired) | 2 |
| 3 | Mr. T Kumar | 9.7.1940 | 22.9.1979 | 1. General Management 2. Technology 3. Research & Development 4. Finance 5. Company Law 6. Labor Laws | B. Tech. (Hons.) (Metallurgical Engg.) M.E. (Foundry) | 1 |

Number of Board Meetings held and the dates thereof:

During the Financial Year 2009-10, six Board Meetings were held as under:

| Sr No | Date of Meeting |
|-------|-----------------|
| 1 | 16.5.2009 |
| 2 | 16.6.2009 |
| 3 | 12.7.2009 |
| 4 | 8.8.2009 |
| 5 | 26.10.2009 |
| 6 | 28.1.2010 |

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

AUDIT COMMITTEE:

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

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

During the Financial Year 2009-10, the Committee met four times as follows:

| Sr No | Date of Meeting |
|-------|-----------------|
| 1 | 16.5.2009 |
| 2 | 12.7.2009 |
| 3 | 26.10.2009 |
| 4 | 28.1.2010 |

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 | 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 2009-10, the Committee did not meet.

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 | 1,046,466 | 1,074,466 |
| Perquisites & Allowances | 109,474 | 169,805 |
| Deferred Benefits (PF & Superannuation etc.) | 344,105 | 346,097 |
| Commission | 230,932 | 923,728 |
| Total | 1,730,977 | 2,514,096 |

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 2009-10, 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 | 40,000 |
| 2 | Mr. R V Gandhi | 50,000 |
| 3 | Mr. R V Shah | 90,000 |
| 4 | Mr. A R Shah | 70,000 |
| 5 | Mr. R R Gandhi | 20,000 |
| 6 | Mrs. M C Tamboli | 50,000 |

SHAREHOLDERS' & INVESTORS' COMPLAINTS REDRESSAL COMMITTEE:

Presently, the composition of the Committee is as under:

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

During the Financial Year 2009-10, the Committee met two times as follows:

| Sr No | Date of Meeting |
|-------|-----------------|
| 1 | 12.7.2009 |
| 2 | 26.10.2009 |

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 |
|----------------|----------------------------------|---------|-----------|------------|
| 2006-07 | Hotel Vrindavan Plaza, Bhavnagar | AGM | 15.6.2007 | 1600 Hours |
| 2007-08 | Hotel Nilambag Palace, Bhavnagar | AGM | 9.9.2008 | 1630 Hours |
| 2008-09 | Hotel Nilambag Palace, Bhavnagar | AGM | 8.8.2009 | 1600 Hours |

Last year, no Special Resolution 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.
- 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 initiated at the different levels of management and the same is expected to be further strengthened in the Financial Year 2010-11.

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. The Management Discussion and Analysis is annexed herewith and forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION:

| Sr. No. | Particulars | Details | | | | |
|---------|--|---|------------|-----------------------------------|--|-------------------|
| | | Date | Time | Venue | | |
| 1 | Annual General Meeting (as indicated in the Notice) | 14.7.2010 | 1600 Hours | Hotel Nilambug Palace, Bhavnagar, | | |
| 2 | Financial Calendar: From 1st April to 31st March | | | | | |
| 3 | Date of Book Closure | From | | To | | |
| | | 7.7.2010 | | 14.7.2010 | | |
| 4 | Dividend Payment Date: Immediately 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 | 31.3.2010 | |
| 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 | 1) mcsahmd@yahoo.com 2) mcsahmd@gmail.com | |
| 7 | Address for Correspondence | Name of contact person | | Address | Telephone | e-mail |
| | | Mr. K K Mehta | | Ruvapari Road, Bhavnagar 364 005 | 0278-2519062 | kkm@steelcast.net |

MARKET PRICE DATA:

(As per records of Bombay Stock Exchange Limited in respective month of the Financial Year 2009-10)

| Month | Open, Rs. | High, Rs. | Low, Rs. | Close, Rs. | Volume, Number of Shares |
|----------------|-----------|-----------|----------|------------|--------------------------|
| April - 09 | 48.15 | 62.55 | 47.25 | 61.05 | 9,127 |
| May - 09 | 61.50 | 88.40 | 56.85 | 88.30 | 20,473 |
| June - 09 | 85.00 | 91.25 | 65.00 | 67.50 | 20,114 |
| July - 09 | 67.45 | 70.00 | 54.00 | 67.45 | 19,088 |
| August - 09 | 71.50 | 79.00 | 57.00 | 76.00 | 13,517 |
| September - 09 | 77.00 | 92.70 | 70.00 | 83.25 | 54,900 |
| October - 09 | 82.00 | 108.90 | 70.15 | 85.75 | 2,04,647 |
| November - 09 | 86.05 | 94.50 | 78.00 | 86.55 | 40,499 |
| December - 09 | 89.45 | 106.10 | 86.10 | 101.65 | 41,231 |
| January - 10 | 103.00 | 134.10 | 102.05 | 103.65 | 83,084 |
| February - 10 | 98.55 | 108.95 | 85.55 | 87.40 | 17,260 |
| March - 10 | 88.35 | 101.90 | 85.00 | 93.00 | 31,289 |

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 of receipt of duly completed share transfer forms. During the Financial Year 2009-10, the share transfers were effected as under:

| Transfer Period (in days) | No. of Transfers | No. of shares |
|---------------------------|------------------|---------------|
| 1 to 30 | 20 | 2,000 |
| Total | 20 | 2,000 |

DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2010:

| No of equity shares | No of shareholders | % of shareholders | No of shares held | % of shareholding |
|---------------------|--------------------|-------------------|-------------------|-------------------|
| 1 to 500 | 4,010 | 90.21 | 479,983 | 12.70 |
| 501 to 1,000 | 191 | 4.30 | 149,868 | 3.96 |
| 1001 to 2,000 | 122 | 2.74 | 183,029 | 4.84 |
| 2,001 to 3,000 | 35 | 0.79 | 89,770 | 2.37 |
| 3,001 to 4,000 | 18 | 0.40 | 64,707 | 1.71 |
| 4,001 to 5,000 | 12 | 0.27 | 56,270 | 1.49 |
| 5,001 to 10,000 | 23 | 0.52 | 169,692 | 4.49 |
| 10,001 to 50,000 | 23 | 0.52 | 415,821 | 11.00 |
| 50,001 to 100,000 | 2 | 0.04 | 179,780 | 4.76 |
| 100,000 & above | 9 | 0.20 | 1,991,080 | 52.67 |
| Total | 4,445 | 100.00 | 3,780,000 | 100.00 |

SHAREHOLDING PATTERN AS ON 31.3.2010:

| 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 | 1,543,010 | 1,363,010 | 40.82 |
| 2.0 | Public Shareholding | | | | |
| 2.1 | Institutions | 1 | 100 | – | 0.00 |
| 2.2 | Non-Institutions | | | | |
| 2.2.1 | Bodies Corporate | 100 | 142,048 | 141,348 | 3.76 |
| 2.2.2 | Individuals | 3,997 | 1,711,599 | 948,883 | 45.28 |
| 2.2.3 | NRIs and Overseas Corporate Bodies | 226 | 295,019 | 153,319 | 7.81 |
| 2.2.4 | HUF | 112 | 88,224 | 88,224 | 2.33 |
| Total Public Shareholding | | 4,436 | 1,236,990 | 1,331,774 | 59.18 |
| Grand Total (1.0) + (2.0) | | 4,445 | 3,780,000 | 2,694,784 | 100.00 |

DEMATERIALISATION OF SHARES AS ON 31.03.2010:

As on March 31, 2010, 2,694,784 shares of the Company were dematerialized, which constitute 71.29% 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 CAST 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 |

CAST/CATEGORYWISE EMPLOYEES SUMMARY:

| Type of Employees | | Number of Persons | | | | | % Distribution | | | | | |
|-------------------|-------------------------------|-------------------|-----|----|-----|-------|----------------|-------|------|------|-------|--------|
| | | GEN | SC | ST | OBC | Total | GEN | SC | ST | OBC | Total | |
| A | Employee | Executive Staff | 27 | 0 | 0 | 2 | 29 | 93.10 | 0.00 | 0.00 | 6.90 | 100.00 |
| | | Senior Staff | 38 | 0 | 0 | 15 | 53 | 71.70 | 0.00 | 0.00 | 28.30 | 100.00 |
| | | Junior Staff | 71 | 3 | 0 | 38 | 112 | 63.39 | 2.68 | 0.00 | 33.93 | 100.00 |
| | | Workmen | 75 | 7 | 0 | 293 | 375 | 20.00 | 1.87 | 0.00 | 78.13 | 100.00 |
| | Sub Total - A | | 211 | 10 | 0 | 348 | 569 | 37.08 | 1.76 | 0.00 | 61.16 | 100.00 |
| B | Internal Contractors' Labours | | 20 | 6 | 1 | 177 | 204 | 9.80 | 2.94 | 0.49 | 86.76 | 100.00 |
| | Sub Total - B | | 20 | 6 | 1 | 177 | 204 | 9.80 | 2.94 | 0.49 | 86.76 | 100.00 |
| | Total - A + B | | 231 | 16 | 1 | 525 | 773 | 29.88 | 2.07 | 0.13 | 67.92 | 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 11, 2010

Position : CEO & Vice Chairman & Managing Director

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY
(By the Chief Executive Officer of the Company)

In the above regard, I declare as follows:

- The Company does have a Code of Conduct approved by its Board of Directors, which is posted on its website www.steelcast.net
- 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, 2010.

Sd/-
(Signature of declarant)

CEO certification:

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

We hereby certify that:

- We have reviewed the financial statements and the cash flow statement for the Financial Year 2009-10 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.
- 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: 11.4.2010

CERTIFICATE

To,
The members,
Steelcast Limited.

We have examined the compliance of conditions of Corporate Governance by Steelcast Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investors' grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 : 20.4.2010

**For and on behalf of
Sanghavi & Company,
Chartered Accountants,**

**Manoj Ganatra
Partner
Membership No. 043485**

Company CIN : L27310GJ1972PLC002033
Authorized Share Capital : Rs. 6,00,00,000
Paid up Capital : Rs. 3,78,00,000

COMPLIANCE CERTIFICATE

To
The Members
STEELCAST LIMITED
BHAVNAGAR.

I have examined the registers, records, books and papers of M/S. STEELCAST LIMITED 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, 2010. 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 thereunder 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 6 times respectively on 16.05.09, 16.06.09, 12.07.09, 08.08.09, 26.10.09 and 28.01.10 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book 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 from 01.08.2009 to 08.08.2009 (both days inclusive).
6. The annual General Meeting for the Financial year ended on 31.03.2009 was held on 08.08.2009 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 advanced any loan to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has entered into retainership agreement w.e.f. 1.5.2009 with Shri M F Tamboli, who is related to the Vice Chairman & Managing Director of the Company. Hence, the said contract falls within the provisions of Section 297 of the Act. However, on an application made by the Company before entering into contract, the office of the Regional Director, Ministry of Corporate Affairs, vide its letter dated 15.4.2009, intimated the Company that the above contract does not fall within the ambit of the provisions of Section 297 of the Act.
10. The Company has made, if required, 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 Directors, members and approval of the Central Government.
12. The Company has issued duplicate share certificates during the financial year after following the due process prescribed under the Act.
13. (i) The Company has allotted 180,000 equity shares during the year.
(ii) The Company has declared dividend during the financial year @ Rs. 1.80 per share for the Financial Year 2008-09.

- (iii) The Company has posted Dividend warrants to all members of the company.
 - (iv) The Company has not transferred any amount 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 requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and following Change was made in the composition of the Board during the year:
 - a) Mrs. M C Tamboli has been appointed as an additional director on 16.05.2009 and she has been appointed as a director liable to retire by rotation by the members on 08.08.2009.
 15. The Company has appointed Managing/Whole time Director under the provisions of section 269 of the Act.
 16. The Company has not appointed any sole selling agent during the year.
 17. The Company has again approached the office of the Regional Director, Ministry of Corporate Affairs for obtaining its approval under section 297 of the Act for contract as per clause 9 above and application is under process.
 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 180,000 equity shares during the financial year. However, the Company has not issued debentures or any other securities 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 to 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 under scrutiny.
 30. The Company has not altered its Articles of Association during the year under scrutiny.
 31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any trust for its employees, hence the provisions of Section 418 of the Act is not applicable.

Place: Bhavnagar
Date: 20.4.2010

Signature:
Name: Umeshkumar V Bhatt
C.P. No. 8250

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 | 125 |
| 7 | Register of Contracts entered into with the entities where Directors are concerned or interested. | 301 |

ANNEXURE B
Forms and returns filed by the Company during the Financial Year under review

| Sr. No. | Form No. | Filed under section | For | Date of Filing | Whether filed within time | If delay |
|---------|---------------------|---------------------|--|----------------|---------------------------|----------|
| 1 | FORM 32 | 303 | Appointment of Additional Director | 10.06.2009 | YES | -- |
| 2 | FORM 32 | 303 | Appointment of Additional Director | 11.08.2009 | NO | YES |
| 3 | FORM 32 | 303 | Appointment of Director liable to retire by rotation | 21.08.2009 | YES | -- |
| 4 | FORM 23AC AND 23ACA | 220 | Balance Sheet as at 31.03.2009 | 07.09.2009 | YES | -- |
| 5 | FORM 66 | 383A | Compliance Certificate | 07.09.2009 | YES | -- |
| 6 | FORM 23 | 192 | Filing of special resolution | 07.09.2009 | YES | -- |
| 7 | FORM 62 | - | Filing Statement in lieu of advertisement | 07.09.2009 | YES | -- |
| 8 | FORM 20B | 160 | Annual Return as at 08.08.2009 | 07.11.2009 | NO | YES |
| 9 | FORM 2 | 75 | Return of allotment | 21.02.2010 | YES | -- |
| 10 | FORM 32 | 303 | Appointment of Company Secretary | 13.03.2010 | NO | YES |

Place: Bhavnagar
Date: 20.4.2010

Signature: Sd/-
Name: Umeshkumar V Bhatt
C.P. No. 8250

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

The first half of the year 2009-10 witnessed the aftershocks of global meltdown started in the year 2008-09, of which Steel Foundry Industry was not an exception. The developed economies/countries of the world, including India, were occupied in taking corrective fiscal measures by offering various stimulus packages to come out of the situation. With the result, second half of the year 2009-10, started giving positive signals of improvement in the economy leading to higher GDP growth in India.

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

- (a) The recent trend of improvements 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 spendings 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 is going to incur major capital expenditure in the Financial Year 2010-11 towards introduction of Automated No-Bake Moulding Loop of producing steel castings which is world over acknowledged and recognized for the production of high quality steel castings. The transition to this technology, once implemented will give better results in terms of further improvements in the quality of the steel castings produced as well as better operating efficiencies in the company.
- (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) Inadequate monsoon in the Financial Year 2009-10 is likely to have severe impact on the economy during the current year. The situation will worsen further if the monsoon fails consecutively in the second year also.
- (b) Inflationary pressures in the economy may compel Reserve Bank of India to tighten its monetary policy during the Financial Year 2010-11.
- (c) Probability of water shortage and power shortage may have adverse impact on the production by the company.

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 2010-11:

As the world economy in general and Indian economy in particular has now good growth potential, the market trend during the Financial Year 2010-11 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 decrease in quantity of production by 14% and decrease in sales value by 28% compared to Financial Year 2008-09. This is due to reasons already explained elsewhere in this report. Despite very difficult business situation due to global crisis/slow down effective from September/October, 2008 coupled with certain quality issues with our customers, the Company has:

- i) honored all its business commitments without resorting to any discounts from its suppliers.
- ii) completed committed CAPEX for the year 2009-10 without any deferment.
- iii) met all its financial commitments with its bankers and has not resorted to any Corporate Debt Restructuring.
- iv) shown highest standards of ethical business practices.

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

Due to overall slow down in global economy, the receipt of orders have been reduced considerably. We are happy to state that we have received wholehearted support from all levels of our employees by taking Lay-Offs in the first quarter of 2009-10 and sacrificing Incentives given by the Company. At present, the Company directly/indirectly enables employment for over 1,200 persons.

Keeping in view the improvement in the economy and to take advantage of the market turn around and increase the capacity utilization, the Company has started recruiting 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 2010 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 2010 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 2010;
 - (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

MANOJ GANATRA
Partner
Membership No. 043485

Bhavnagar
20th April 2010

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 2010.

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 According to the information and explanations given to us, there were no transactions required to be entered in the register maintained in pursuance of section 301 of the Companies Act 1956.
- 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.
 - b. There are no amounts which are not deposited on account of dispute.

- 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

Bhavnagar
20th April 2010

MANOJ GANATRA
Partner
Membership No. 043485

BALANCE SHEET AS AT 31st MARCH 2010

Amount in Rupees

| | SCH | 31st March 2010 | | 31st March 2009 | |
|---|-----|--------------------|---------------------------|--------------------|---------------------------|
| SOURCES OF FUNDS :: | | | | | |
| SHAREHOLDERS' FUNDS : | | | | | |
| Share Capital | A | 38,266,500 | | 36,466,500 | |
| Share Application Money (Refer note no. 2 of Schedule-N) | | 2,993,000 | | - | |
| Reserves & Surplus | B | <u>367,389,095</u> | 408,648,595 | <u>335,833,088</u> | 372,299,588 |
| DEFERRED TAX LIABILITIES (Net) : | | | 39,900,000 | | 39,500,000 |
| LOAN FUNDS : | | | | | |
| Secured Loans | C | 397,377,533 | | 434,477,134 | |
| Unsecured Loans | | - | <u>397,377,533</u> | - | 434,477,134 |
| | | | <u>845,926,128</u> | | <u>846,276,722</u> |
| APPLICATION OF FUNDS :: | | | | | |
| FIXED ASSETS : | | | | | |
| Gross Block | D | 636,468,602 | | 558,040,378 | |
| Less: Depreciation | | <u>265,916,032</u> | | <u>219,126,147</u> | |
| | | <u>370,552,570</u> | | 338,914,231 | |
| Capital Work in Progress | | <u>191,380</u> | <u>370,743,950</u> | <u>36,037,445</u> | 374,951,676 |
| INVESTMENTS : | E | | 1,452,825 | | 1,452,825 |
| CURRENT ASSETS, LOANS AND ADVANCES : | | | | | |
| Current Assets : | | | | | |
| a) Inventories | | 163,048,915 | | 140,111,332 | |
| b) Sundry Debtors | | 224,679,141 | | 209,508,969 | |
| c) Cash & Bank Balances | | 122,036,152 | | 114,007,919 | |
| d) Other Current Assets | | 17,969,314 | | 29,844,976 | |
| e) Loans & Advances | | <u>49,401,587</u> | | <u>44,337,163</u> | |
| | | <u>577,135,109</u> | | <u>537,810,359</u> | |
| Less : Current Liabilities | | 85,351,686 | | 51,780,734 | |
| Provisions | G | <u>18,054,070</u> | | 16,157,404 | |
| | | <u>103,405,756</u> | | 67,938,138 | |
| Net Current Assets | | | <u>473,729,353</u> | | 469,872,221 |
| | | | <u>845,926,128</u> | | <u>846,276,722</u> |
| NOTES ON ACCOUNTS | N | | - | | - |

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

Bhavnagar
20th April 2010

For and on Behalf of the Board

T Kumar
Executive Chairman

Bhavnagar
20th April 2010

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

Amount in Rupees

| | SCH | 2009-2010 | 2008-2009 |
|--|---------|--------------------|----------------------|
| INCOME :: | | | |
| Sales and Operational Income | H | 955,230,939 | 1,328,186,534 |
| Other Income | I | 1,396,299 | 140,201 |
| TOTAL :: | | 956,627,238 | 1,328,326,735 |
| EXPENDITURE :: | | | |
| Change in Inventory | J | (6,019,838) | 31,486,502 |
| Materials and Manufacturing Expenses | K | 708,720,641 | 961,987,175 |
| Administrative and Other Expenses | L | 130,951,335 | 158,943,732 |
| Borrowing Cost | M | 32,639,572 | 56,004,294 |
| Depreciation | | 48,526,255 | 41,549,668 |
| TOTAL : | | 914,817,965 | 1,249,971,371 |
| Profit Before Taxation | | 41,809,273 | 78,355,364 |
| Less : Provision for Income Tax -Current | | 13,500,000 | 26,000,000 |
| Provision for Income Tax - Deferred | | 400,000 | 476,216 |
| Provision for Fringe Benefit Tax | | - | 600,000 |
| Income Tax & Fringe Benefit Tax - Earlier Years | | 65,213 | 163,000 |
| Profit After Taxation | | 27,844,060 | 51,116,148 |
| Prior Period Adjustments (net) | | (85,800) | 268,636 |
| Exceptional Items: | | | |
| Provision for Diminution in Value of Investment | | - | 13,050,000 |
| | | 27,758,260 | 38,334,784 |
| Add : Balance brought forward from the last year | | 12,500,000 | - |
| Amount Available for Appropriation | | 40,258,260 | 38,334,784 |
| APPROPRIATIONS :: | | | |
| a) Proposed Dividend | | 5,446,603 | 6,480,000 |
| b) Corporate Dividend Tax | | 925,650 | 1,101,276 |
| c) General Reserve | | 21,386,007 | 18,253,508 |
| | | 27,758,260 | 25,834,784 |
| Balance Carried to Balance Sheet | | 12,500,000 | 12,500,000 |
| Earning Per Share | Basic | 7.64 | 10.65 |
| | Diluted | 7.53 | 10.65 |
| Nominal Value of Share | | 10.00 | 10.00 |
| NOTES ON ACCOUNTS | N | | |

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

Bhavnagar
20th April 2010

For and on Behalf of the Board

T Kumar
Executive Chairman

Bhavnagar
20th April 2010

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

(Rs in lacs)

| | 2009-2010 | 2008-2009 |
|---|-----------|------------|
| A CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax And Extraordinary Items | 418.09 | 783.55 |
| Adjustments for - | | |
| Depreciation | 485.26 | 415.50 |
| Loss (Profit) on sale of fixed assets | (1.88) | (0.44) |
| Prior Period Adjustments | (0.86) | 1.06 |
| Dividend Received | (0.05) | (0.01) |
| Interest | 310.56 | 421.94 |
| Operating Profit Before Working Capital Changes | 1,211.11 | 1,621.60 |
| Adjustments for - | | |
| Trade and Other Receivables | (40.95) | 1,453.44 |
| Inventories | (229.38) | 1,005.98 |
| Trade Payables | 362.75 | (1,176.29) |
| Cash Generated From Operations | 1,303.53 | 2,904.73 |
| Interest Paid | (310.56) | (462.63) |
| Direct Taxes Paid | (189.30) | (343.94) |
| NET CASH FROM OPERATING ACTIVITIES | 803.68 | 2,098.16 |
| B CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (477.62) | (768.14) |
| Purchase of Investments | 0.00 | 0.00 |
| Sale of Fixed Assets | 36.31 | 1.23 |
| Interest Received | 0.00 | 40.69 |
| Dividend Received | 0.05 | 0.01 |
| NET CASH USED IN INVESTING ACTIVITIES | (441.26) | (726.21) |
| C CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Proceeds from issuance of Share Capital (incl. premium) | 119.70 | 0.00 |
| Proceeds from share application money | 29.93 | 0.00 |
| Proceeds (Repayment) from Long Term Borrowings (net) | (655.90) | 210.92 |
| Proceeds from Short Term Borrowings (net) | 284.91 | (642.21) |
| Dividend Paid | (60.78) | (123.54) |
| NET CASH USED IN FINANCING ACTIVITIES | (282.14) | (554.83) |
| Net Increase in Cash and Cash Equivalents | 80.28 | 817.12 |
| Cash And Cash Equivalents as at beginning of the year | 1,140.08 | 322.96 |
| Cash And Cash Equivalents as at end of the year | 1,220.36 | 1,140.08 |

As per our report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

Bhavnagar
20th April 2010

For and on Behalf of the Board

T Kumar
Executive Chairman

Bhavnagar
20th April 2010

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

| SCHEDULE - A SHARE CAPITAL | 31st MARCH 2010 | 31st MARCH 2009 |
|---|------------------------|------------------------|
| Authorised : 6,000,000 Equity Shares of Rs 10 each | 60,000,000 | 60,000,000 |
| Issued, Subscribed and Paid up : 3,780,000 (3,600,000) Equity Shares of Rs 10 each, fully paid up | 37,800,000 | 36,000,000 |
| | 37,800,000 | 36,000,000 |
| (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 |
| | 38,266,500 | 36,466,500 |
| SCHEDULE - B RESEVRES & SURPLUS | 31st MARCH 2010 | 31st MARCH 2009 |
| Securities Premium Account | 60,663,000 | 50,493,000 |
| General Reserve : | | |
| Balance at the beginning of the year | 294,226,095 | 254,586,580 |
| Add: Transferred from Profit & Loss account | - | 18,253,508 |
| | 294,226,095 | 272,840,088 |
| Profit & Loss Account | 12,500,000 | 12,500,000 |
| | 367,389,095 | 335,833,088 |
| SCHEDULE - C SECURED LOANS | 31st MARCH 2010 | 31st MARCH 2009 |
| A. TERM LOANS : | | |
| 1 From Banks - in Rupees Accounts | 166,184,662 | 212,866,480 |
| 2 From Banks - in Foreign Currency Accounts | - 166,184,662 | 18,908,400 231,774,880 |
| B. WORKING CAPITAL FINANCE FROM BANKS : | | |
| 1 Cash Credit and Packing Credit Finance | 231,192,871 | 158,588,282 |
| 2 Working Capital Finance in Foreign Currency | - 231,192,871 | 44,113,972 202,702,254 |
| | 397,377,533 | 434,477,134 |

Notes :

1. Term Loan from Bank of India is against hypothecation of specific machinery, first charge on the immovable properties of the Company and further guaranteed by one of the directors. (Due within one year Rs. 299.84 Lacs (461.34 Lacs))
2. Term Loan from Standard Chartered Bank is against first and exclusive charge over the fixed assets purchased from the said loan and further guaranteed by one of the directors. (Due within one year Rs 235.20 Lacs (421.40 Lacs))
3. Working Capital Finance from Bank of India is against paripassu hypothecation of all inventory and book debts, first charge on the immovable properties of the Company and further guaranteed by one of the directors.
4. Working Capital Finance from Standard Chartered Bank is against paripassu hypothecation of all inventory and book debts of the Company.

SCHEDULE- D

| Assets | Gross Blocok | | | Depreciation | | | | Net Block | | |
|--------------------------|--------------------|-------------------|-------------------|------------------------|--------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|
| | As at 01.04.2009 | Additions | Deductions | Total as at 31.03.2010 | Up to 31.03.2009 | For the Year | On Deductions-Adjustment | Total 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| 1. Freehold Land | 7,456,879 | 436,000 | - | 7,892,879 | - | - | - | - | 7,892,879 | 7,456,879 |
| 2. Leasehold Land | 8,655,940 | 7,015,081 | - | 15,671,021 | 504,287 | 293,329 | - | 797,616 | 14,873,405 | 8,151,653 |
| 3. Buildings | 83,233,993 | 11,544,645 | - | 94,778,638 | 31,046,217 | 3,843,606 | - | 34,889,820 | 59,888,818 | 52,187,776 |
| 4. Plant & Machinery | 433,986,960 | 63,850,700 | 3,894,514 | 493,943,146 | 171,800,367 | 41,894,822 | 938,634 | 212,756,555 | 281,186,591 | 262,186,594 |
| 5. Vehicles | 8,588,044 | - | 1,152,658 | 7,435,386 | 3,580,576 | 1,595,428 | 740,202 | 4,435,802 | 2,999,584 | 5,007,467 |
| 6. Furniture & Fixtures | 3,416,091 | 143,069 | - | 3,559,160 | 2,621,027 | 56,823 | - | 2,677,850 | 881,310 | 795,064 |
| 7. Office Equipment | 12,702,471 | 618,206 | 132,305 | 13,188,372 | 9,573,673 | 842,250 | 57,534 | 10,358,389 | 2,829,983 | 3,128,798 |
| Total | 558,040,378 | 83,607,701 | 5,179,477 | 636,468,602 | 219,126,147 | 48,526,255 | 1,736,370 | 265,916,032 | 370,552,570 | 338,914,231 |
| Capital Work In Progress | 36,037,445 | 191,380 | 36,037,445 | 191,380 | - | - | - | - | 191,380 | 36,037,445 |
| Total | 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 |
| Previous Year | 517,687,391 | 77,888,505 | 1,498,073 | 594,077,823 | 177,920,107 | 41,549,668 | 343,628 | 219,126,147 | 374,951,676 | 339,767,284 |

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 2010 | | 31st MARCH 2009 | |
|--|--------------------|------------------------|-------------|------------------------|--|
| Quoted : | | | | | |
| 4000 Fully paid up Equity Shares of Rs. 1 each of Electrosteel Castings Ltd. | | | | | |
| | | 2,825 | | 2,825 | |
| Market Value of Quoted Investments Rs.212,000; (59,360) | | | | | |
| | | 2,825 | | 2,825 | |
| Unquoted : (Long-term) | | | | | |
| 1,450,000 Fully paid up Equity Shares of Rs. 10/- each of Janus Cyberserve Limited (an Associate Company) | | | | | |
| | | 14,500,000 | | 14,500,000 | |
| Less : Provision for Diminution in value of Investment | | | | | |
| | | 13,050,000 | | 13,050,000 | |
| | | 1,450,000 | | 1,450,000 | |
| | | 1,452,825 | | 1,452,825 | |
| SCHEDULE - F CURRENT ASSETS LOANS AND ADVANCES | | 31st MARCH 2010 | | 31st MARCH 2009 | |
| I. CURRENT ASSETS | | | | | |
| 1. Inventories | | | | | |
| (As taken, valued and certified by the Management) | | | | | |
| a) Stores & Spares (At cost) | 41,106,433 | | 28,545,895 | | |
| b) Raw Materials (At cost) | 16,084,401 | | 11,727,194 | | |
| c) Semi-finished Goods (At estimated cost) | 87,377,257 | | 66,791,621 | | |
| d) Finished Goods (at lower of the cost or net realisable value) | 18,480,824 | 163,048,915 | 33,046,622 | 140,111,332 | |
| 2. Sundry Debtors | | | | | |
| (Unsecured Considered Good) | | | | | |
| Over six months | 9,987,110 | | 34,305,374 | | |
| Others | 214,692,031 | 224,679,141 | 175,203,595 | 209,508,969 | |
| 3. Cash & Bank Balances | | | | | |
| Cash on Hand | 677,257 | | 1,037,369 | | |
| Balance with Scheduled Banks: | | | | | |
| a. In Current Accounts | 9,675,507 | | 48,745,123 | | |
| b. Dividend Accounts | 3,001,699 | | 2,599,807 | | |
| c. Fixed Deposit Accounts | 108,681,689 | | 61,625,620 | | |
| (Fixed Deposits of Rs. 20.97 lacs (PY: 33.20 lacs) are pledged with a bank against Guarantees and LC Margin Money) | | | | | |
| | | 122,036,152 | | 114,007,919 | |
| 4. Other Current Assets | | | | | |
| Balances with Excise Authorities in Current Account | 714,534 | | 237,081 | | |
| DEPB and Duty Draw back Claims Receivable | 3,448,558 | | 19,112,071 | | |
| Input VAT Credit Receivable | 10,899,724 | | 6,436,687 | | |
| Excise Cenvat Credit Receivable | 2,906,498 | 17,969,314 | 4,059,137 | 29,844,976 | |
| | | 527,733,522 | | 493,473,196 | |

SCHEDULE - F CURRENT ASSETS LOANS AND ADVANCES (Contd...)
31st MARCH 2010
31st MARCH 2009
II. LOANS AND ADVANCES

(Unsecured considered Good)

| | | | | |
|--|-----------|--------------------|-----------|--------------------|
| Advances to Suppliers for Goods and Services | | 5,889,257 | | 8,544,368 |
| Loans and Advances to Employees | | 878,701 | | 484,619 |
| Prepaid Expenses | | 1,607,541 | | 1,249,319 |
| Advance Payment of Taxes (net of provisions) | | | | |
| Income Tax | 7,515,009 | | 3,501,997 | |
| Fringe Benefit Tax | 412,702 | 7,927,711 | 161,602 | 3,663,599 |
| Sundry Deposits | | 15,675,330 | | 15,794,330 |
| Loans to others | | 506,667 | | 680,167 |
| Other Advances | | 16,916,380 | | 13,920,761 |
| | | <u>49,401,587</u> | | <u>44,337,163</u> |
| | | <u>577,135,109</u> | | <u>537,810,359</u> |

SCHEDULE - G CURRENT LIABILITIES AND PROVISIONS
31st MARCH 2010
31st MARCH 2009
I. Current Liabilities

| | | | | |
|--|--|-------------------|--|-------------------|
| Sundry Creditors | | 58,149,246 | | 27,425,082 |
| Advances from Customers | | 5,291,970 | | 6,618,146 |
| Statutory Liabilities | | 4,075,925 | | 3,813,766 |
| Investors Education & Protection Fund: | | | | |
| Unclaimed Dividend | | 3,002,299 | | 2,600,407 |
| Other Liabilities | | 14,832,246 | | 11,323,333 |
| | | <u>85,351,686</u> | | <u>51,780,734</u> |

II. Provisions

| | | | | |
|---|--|--------------------|--|-------------------|
| Provision for Bonus | | 3,370,328 | | 4,497,198 |
| Provision for Employees' Other Benefits | | 8,311,489 | | 4,078,930 |
| Proposed Dividend | | 5,446,603 | | 6,480,000 |
| Corporate Dividend Tax | | 925,650 | | 1,101,276 |
| | | <u>18,054,070</u> | | <u>16,157,404</u> |
| | | <u>103,405,756</u> | | <u>67,938,138</u> |

SCHEDULE - H SALES AND OPERATIONAL INCOME
2009-2010
2008-2009

| | | | | |
|-----------------------------------|-------------------|--------------------|--------------------|----------------------|
| Sales | 1,017,781,017 | | 1,433,105,945 | |
| Less: Excise Duty | <u>68,203,647</u> | 949,577,370 | <u>153,062,292</u> | 1,280,043,653 |
| Exchange Rate Difference (net) | | (6,737,582) | | 14,385,854 |
| DEPB Credit and Export Incentives | | <u>12,391,151</u> | | <u>33,757,027</u> |
| | | <u>955,230,939</u> | | <u>1,328,186,534</u> |

SCHEDULE - I OTHER INCOME
2009-2010
2008-2009

| | | | | |
|------------------------------------|--|------------------|--|----------------|
| Dividend Income | | 5,088 | | 1,062 |
| Profit on Sale of Assets (net) | | 187,929 | | 44,171 |
| Sundry Balances Written Back (net) | | 1,181,174 | | 54,278 |
| Miscellaneous Income | | 22,108 | | 40,690 |
| | | <u>1,396,299</u> | | <u>140,201</u> |

| SCHEDULE - J CHANGE IN INVENTORY | | 2009-2010 | | 2008-2009 | |
|--|--------------------|--------------------|--|------------------|--------------------|
| <u>Closing 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 |
| <u>Less: Opening Stock:</u> | | | | | |
| Finished Goods | 33,046,622 | | | 13,619,794 | |
| Semi-finished Goods | 66,791,621 | 99,838,243 | | 117,704,951 | 131,324,745 |
| | | (6,019,838) | | | 31,486,502 |
| SCHEDULE - K | | 2009-2010 | | 2008-2009 | |
| MATERIALS AND MANUFACTURING EXPENSES | | | | | |
| <u>Raw Material Consumed:</u> | | | | | |
| Opening Stock | 11,727,194 | | | 70,314,295 | |
| Add: Purchases | 268,690,822 | | | 449,122,828 | |
| | 280,418,016 | | | 519,437,123 | |
| Less: Closing Stock | 16,084,401 | 264,333,615 | | 11,727,194 | 507,709,929 |
| <u>Manufacturing Expenses:</u> | | | | | |
| Stores Consumed | 209,959,835 | | | 210,308,520 | |
| Other Manufacturing Expenses | 81,058,668 | | | 79,762,625 | |
| Power, Fuel and Water Charges | 149,379,952 | | | 159,907,158 | |
| Machinery Repairs | 3,988,571 | 444,387,026 | | 4,298,943 | 454,277,246 |
| | | 708,720,641 | | | 961,987,175 |
| SCHEDULE - L | | 2009-2010 | | 2008-2009 | |
| ADMINISTRATIVE AND OTHER EXPENSES | | | | | |
| <u>Personnel Costs:</u> | | | | | |
| Salaries, Wages, Bonus and Other Emoluments | 70,011,500 | | | 79,442,542 | |
| Contribution to Provident Fund, ESI, Gratuity and superannuation Funds | 12,017,284 | | | 8,100,285 | |
| Employees' Welfare Expenses | 2,315,646 | 84,344,430 | | 2,537,035 | 90,079,862 |
| <u>Sales and Distribution Costs:</u> | | | | | |
| Sales Commission | 1,944,683 | | | 2,548,364 | |
| Sales Promotion Expenses | 895,973 | | | 382,522 | |
| Export Sales Commission | 6,426,807 | | | 15,626,976 | |
| Export Market Development [including Directors' travelling Rs. 1,134,306 (954,746)] | 2,105,218 | | | 1,967,824 | |
| Other Sales Expenses | 17,050,526 | 28,423,207 | | 26,409,022 | 46,934,708 |

| SCHEDULE - L ADMINISTRATIVE AND OTHER EXPENSES Contd....) | | 2009-2010 | 2008-2009 | |
|---|--|-------------------|--------------------|--------------------|
| <u>Establishment Cost:</u> | | | | |
| Travelling [Including Directors' travelling Rs. 1,177,822 (1,078,247)] | | 3,804,176 | | 2,613,370 |
| Rent | | 30,000 | | 119,562 |
| Rates and Taxes | | 622,005 | | 569,306 |
| Insurance | | 472,314 | | 568,842 |
| Repairs to Building and Others | | 2,981,259 | | 1,598,840 |
| Payments to Auditors | | 174,000 | | 156,641 |
| Directors' Sitting Fees | | 320,000 | | 305,000 |
| Legal & Professional Fees | | 2,958,351 | | 2,408,593 |
| Bank Discount and Commission | | 1,934,261 | | 5,076,488 |
| Advertisement Expenses | | 876,477 | | 1,032,732 |
| Bad Debts/Old Balances Written Off (net) | | - | | 2,136,178 |
| Donations | | 132,125 | | 1,249,550 |
| Wealth Tax | | 144,000 | | 57,490 |
| General Expenses | | 3,734,730 | 18,183,698 | 4,036,570 |
| | | | | 21,929,162 |
| | | | 130,951,335 | 158,943,732 |
| SCHEDULE - M BORROWING COST | | | | |
| | | 2009-2010 | 2008-2009 | |
| <u>Interest:</u> | | | | |
| Term Loans | | 22,698,087 | | 21,412,127 |
| Working Capital Finance (net) | | 7,463,771 | | 20,737,321 |
| Others | | 893,725 | 31,055,583 | 44,499 |
| Exchange Rate Difference on Foreign Currency Borrowings | | | | 42,193,947 |
| | | | 1,583,989 | 13,810,347 |
| | | | 32,639,572 | 56,004,294 |

SCHEDULE - N
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2010

- 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 issued by the Institute of Chartered Accountants of India 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., 1956.

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 year, the Company 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 year and the share capital of the Company has increased to that extent. The amount received in respect of balance 180,000 convertible equity warrants is shown as Share Application Money.
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. 3,434,905 (4,068,999).
5. 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.
6. 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.
7. 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.
8. Advance payments of income tax are shown net of provisions of Rs. 71,494,941 including current year's advance tax payments of Rs. 17,382,566 (107,025,260).

9. Contingent Liabilities

- (i) Guarantees given by the bank and counter guaranteed by the company: Rs. 20,762,608, (11,891,529).
- (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 (893,263)
- (v) In respect of Central Sales Tax in respect of non collection of C forms: Rs. 17,052,268 (16,944,237).
- (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.

10. Deferred tax liabilities of Rs. 400,000 (476,216) 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. 39,900,000 are as under:

| Particulars | Rs. |
|---|-------------|
| Depreciation | 42,298,868 |
| Disallowances u/s 43B of the Income Tax Act | (2,398,868) |
| Total... | 39,900,000 |

11. The management of the Company has, during the year, carried out technical 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.

12. Payments to Auditors:

| Particulars | 2009-2010 | 2008-2009 |
|-------------------|-----------|-----------|
| Audit Fees | 110,000 | 110,000 |
| In other capacity | 64,000 | 46,641 |

13. Personnel costs include managerial remuneration as under:

| Particulars | 2009-2010 | 2008-2009 |
|------------------------------------|-----------|-----------|
| Salary | 2,120,932 | 2,498,073 |
| Perquisites and Allowances | 279,279 | 600,124 |
| Contribution to PF and other Funds | 690,202 | 837,057 |
| Commission | 1,154,660 | 3,219,342 |
| Total... | 4,245,073 | 7,154,596 |

14. 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 | 41,809,273 |
| Add: Managerial Remuneration | 4,245,073 |
| Add: Directors' sitting Fees | 320,000 |
| Less: Profit on sale of Assets (net) | 187,929 |
| | 46,186,417 |

Commission @ 0.50% or 2% of the above, as the case may be, to two whole-time directors, aggregating to Rs. 1,154,660. (Previous year @1% or 2%)

15. Related Party Disclosures:

a. Associates:

- Shri F P Tamboli Charitable Trust
- Janus Cyberserve Limited

- b. (i) Key Management Personnel:
- Mr. T Kumar
 - Mr. C M Tamboli
- (ii) Relatives:
- Mr. M. F. Tamboli (related to Mr. C M Tamboli)
 - Mrs. M. C. Tamboli (related to Mr. C M Tamboli)

| | Nature of Transactions: | 2009-2010 | 2008-2009 |
|---|---------------------------|-----------|-----------|
| | Associates: | | |
| 1 | Donations | - | 500,000 |
| | Key Management Personnel: | | - |
| 2 | Remuneration | 4,245,073 | 7,154,596 |
| 3 | Professional fees. | 1,356,164 | - |
| 4 | Directors Sitting Fees | 50,000 | - |

Details of balances outstanding as on 31st March 2010:

| | Associates | Key Management Personnel |
|--|------------|--------------------------|
| Other Liabilities (Commission payable) | - | 1,154,660 |
| | - | (3,219,342) |
| Investments | 14,500,000 | - |

16. Disclosure as per AS 15 (Revised) on "Employee Benefit" for the year ended 31st March 2010:

| | Gratuity Plan Rs. (2009-10) | Gratuity Plan Rs. (2008-09) |
|---|--------------------------------|--------------------------------|
| Change in the defined benefit obligations | | |
| Defined benefit obligations as at 1 st April 2009 | 17,365,844 | 14,874,256 |
| Service cost | 971,177 | 990,914 |
| Interest cost | 1,389,268 | 1,165,805 |
| Actuarial loss/(Gain) | 2,395,925 | 4,666,239 |
| Benefits paid | (1,927,567) | (4,331,370) |
| Defined benefit obligations as at 31 st March 2010 (a) | 20,194,647 | 17,365,844 |
| Change in plan assets | | |
| Fair Value of plan assets as at 1 st April 2009 | 20,534,384 | 22,730,116 |
| Expected return on plan assets | 1,909,019 | 1,942,656 |
| Contributions by employer | 1,553,805 | 192,982 |
| Actuarial Gain/(loss) | - | - |
| Benefits paid | (1,927,567) | (4,331,370) |
| Fair Value of plan assets as at 31 st March 2010 (b) | 22,069,641 | 20,534,384 |
| 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 2010 is as follows: | | |
| Current service cost | 971,177 | 990,914 |
| Interest cost | 1,389,268 | 1,165,805 |
| Expected return on plan assets | (1,909,019) | (1,942,656) |
| Net actuarial loss/(gain) recognized | 2,395,925 | 4,666,239 |
| Net amount recognized | 2,847,351 | 4,880,302 |
| Actual Return on Plan Assets | | |
| The principal actuarial assumptions used as at 31 st March 2010 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 | 5.00% | 5.00% |

17. QUANTITATIVE INFORMATION

(As certified by the Management)

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

| | Installed Capacity | Actual Production |
|---------------------|--------------------|-------------------|
| Steel Casting | 13,000 (13,000) | 7,020 (8,152) |
| (Net of Rejections) | | |

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 Material Consumed:

| | Qty in MTs | Rs. |
|--------------|---------------|---------------------------|
| Steel Scrap | 8,693 (8,867) | 180,497,147 (305,828,676) |
| Ferro Alloys | 468 (648) | 83,836,468 (201,881,253) |
| Total... | 9,161 (9,515) | 264,333,615 (507,709,929) |

c. Sales and Stocks of Finished Goods:

| | Qty in MTs | Rs. |
|------------------|---------------|-----------------------------|
| Sales (Castings) | 7,200 (7,957) | 949,577,370 (1,280,043,653) |
| Opening Stock | 344 (149) | 33,046,622 (13,619,794) |
| Closing Stock | 164 (344) | 18,480,824 (33,046,622) |

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

| | Imported | | Indigenous | |
|-------------------|----------------------------|-----------------|------------------------------|------------------|
| | Rs. | % | Rs. | % |
| Raw Materials | 8,436,652 (105,614,305) | 3.19 (20.80) | 255,896,963 (402,095,624) | 96.81 (79.20) |
| Stores and Spares | 14,915,133 (23,211,389) | 7.10 (11.04) | 195,044,702 (187,097,131) | 92.90 (88.96) |

e. Value of Imports on CIF basis:

| | 2009-2010 | 2008-2009 |
|-----------------|------------|------------|
| Raw Materials | 7,606,878 | 83,497,059 |
| Stores & Spares | 17,781,950 | 22,254,045 |

f. Expenditure in Foreign Currency (Payment Basis):

| | 2009-2010 | 2008-2009 |
|---------------------------|------------|------------|
| Export Sales Commission | 7,036,026 | 17,090,549 |
| Travelling Expenses | 531,812 | 743,555 |
| Membership & Subscription | 11,363 | 10,620 |
| Casting Repair Charges | 11,518,546 | 6,503,137 |

g. Earnings in Foreign Currency:

| | 2009-2010 | 2008-2009 |
|---------------------|-------------|-------------|
| Exports (FOB basis) | 217,205,741 | 545,563,978 |

**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 | : | 31.03.2010 |
| 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 | : | 8,459.26 |
| | Total Assets | : | 8,459.26 |
| | Sources of Funds | | |
| | Paid up Capital | : | 382.67 |
| | Share Application Money | : | 29.93 |
| | Reserves & Surplus | : | 3,673.89 |
| | Deferred Tax Liabilities | : | 399.00 |
| | Secured Loans | : | 3,973.78 |
| | Unsecured Loans | : | - |
| | Application of Funds | | |
| | Net Fixed Assets | : | 3,707.44 |
| | Investments | : | 14.53 |
| | Net Current Assets | : | 4,737.29 |
| | Miscellaneous Expenditure | : | - |
| IV | PERFORMANCE OF THE COMPANY: | | |
| | Total Income | : | 9,566.27 |
| | Total Expenditure | : | 9,148.18 |
| | Profit Before Tax | : | 418.09 |
| | Profit After Tax | : | 277.58 |
| | Earnings per Share (Rs) | : | 7.64 |
| | Dividend Rate (%) | : | 15 |
| 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

MANOJ GANATRA
Partner

Bhavnagar
20th April 2010

For and on Behalf of the Board

T Kumar
Executive Chairman

Bhavnagar
20th April 2010

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



STEELCAST LIMITED

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

PROXY FORM

I/We residing at..... being member(s) of the abovenamed 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 Thirtyninth Annual General Meeting of the Company, to be held on Wednesday, July 14, 2010, at 1600 hours and at any adjournment

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

Signed on this..... day of 2010

Signature across Revenue the 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 Thirtyninth Annual General Meeting of the Company at Nilambag Palace Hotel, Bhavnagar at 1600 hours on July 14, 2010.

| | |
|---|--|
| 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.