



**BOARD OF DIRECTORS**

Mr. Vinod Narain - Chairman  
Mr. D.P. Dhanuka  
Mr. R.P. Agarwal  
Mr. Bhadresh K. Shah  
Mr. Pradip R. Shah  
Mr. Rajendra S. Shah  
Mr. Sanjay Shailesh Majmudar

**AUDITORS**

M/s. Dagliya & Co.  
Chartered Accountants  
L Block  
Unity Building Annexe,  
J.C. Road,  
Bangalore - 560 002

**BANKERS**

Canara Bank,  
Bangalore.

State Bank of India  
Bangalore

**REGISTERED OFFICE & FACTORY**

Plot No. 15, Phase - 1  
Peenya Industrial Area,  
Bangalore - 560 058  
Phone : 080 - 8722803333,8222802333  
Fax : 080 - 28395638  
E-mail : info@welcaststeels.com  
Web : www.welcaststeels.com

**SHARE TRANSFER AGENT**

Bigshare Services Pvt. Ltd.,  
E-2/3, Ansa Industrial Estate  
Sakivihar Road, Saki Naka  
Andheri (E), Mumbai- 400 072.  
Phone : 022 - 28470652, 40430200  
Fax : 022 - 28475207  
E-mail : info@bigshareonline.com



**39TH ANNUAL GENERAL MEETING**

Date	3rd August 2011
Day	Wednesday
Time	3.00 P.M.
Place	The Lalit Ashok, Kumara Krupa High Grounds, Bangalore 560 001
Book Closure (Dates)	20th July 2011 to 3rd August 2011 (Both days inclusive)



## INDEX

Sl. No.	Contents	Page No
1	Notice	4
2	Directors' Report	5-7
3	Annexures to Directors' Report	8-12
4	Auditors' Report	13-15
5	Balance Sheet	16
6	Profit & Loss Account	17
7	Schedules to the Accounts	18-33
8	Cash Flow Statement	34
9	Attendance Slip/Proxy form	35



## NOTICE

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of Welcast Steels Limited, will be held at The Lalit Ashok, Kumara Krupa High Grounds, Bangalore 560 001 at 15.00 hrs on Wednesday, the 3rd day of August 2011 to transact the following business:

### Ordinary Business:

- (1) To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company and Profit and Loss Account for the year ended on 31<sup>st</sup> March 2011 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr.R.P. Agarwal, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. D.P. Dhanuka, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Pradip R. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (6) To appoint auditors in place of retiring auditors and to fix their remuneration.

Place : Bangalore  
Date : 05-05-2011

By order of the Board of Directors  
**VINOD NARAIN**  
Chairman

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself. The proxy need not be a member.  
  
Proxies in order to be effective, Proxy Form should be duly completed, stamped, signed and must be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The register of members and the share transfer books of the company will remain closed from 20th July 2011 to 3rd August 2011 (both days inclusive).
3. The dividend, when declared will be paid on or before 31st August 2011 to those members whose names appear in the register of members as on 3rd August 2011.



## DIRECTORS' REPORT

Your Directors present the Thirty-Ninth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2011.

### FINANCIAL RESULTS

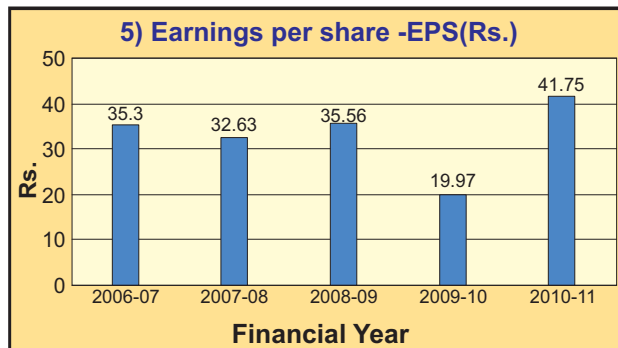
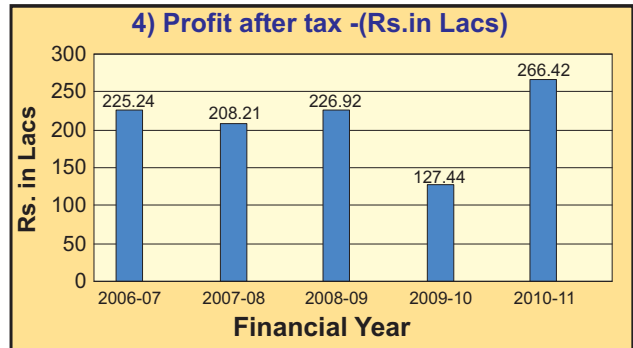
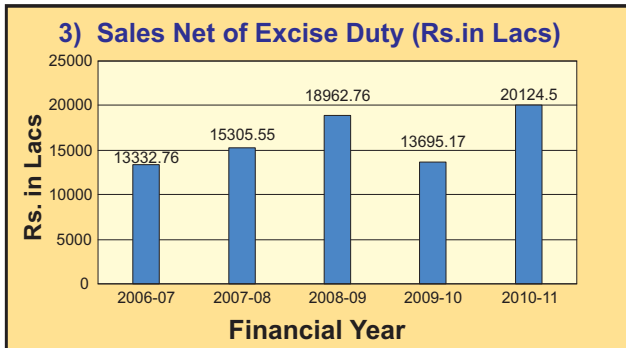
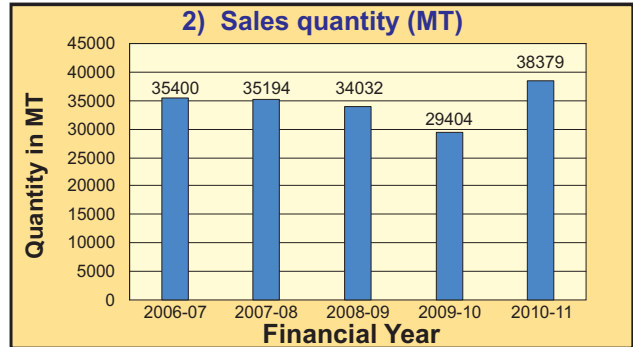
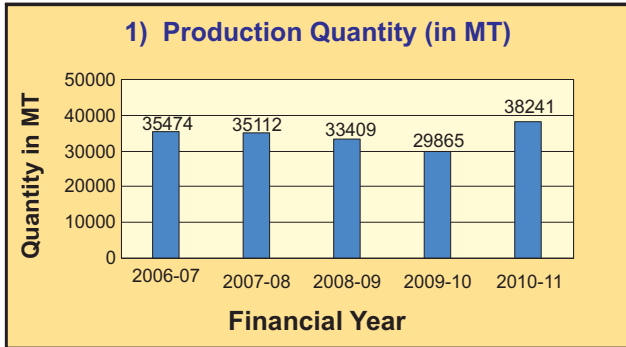
PARTICULARS	<i>Rs in Lakhs</i>	
	2010-11	2009-10
Gross Income	<b>21819.11</b>	14705.15
Less: Excise duty	<b>1694.61</b>	1009.98
Net Income	<b>20124.50</b>	13695.17
Profit before Interest and Depreciation	<b>720.93</b>	661.63
Less: Interest	<b>62.83</b>	63.60
Profit before Depreciation	<b>658.10</b>	598.03
Depreciation for the year (Net of withdrawal from revaluation reserve)	<b>290.43</b>	362.75
Profit after Interest and Depreciation	<b>367.67</b>	235.28
Provision for tax	<b>100.91</b>	112.43
Profit for the year	<b>266.76</b>	122.85
Taxation adjustments of earlier year	-	4.40
Prior period adjustments	<b>0.34</b>	0.19
<b>Total</b>	<b>266.42</b>	127.44
Balance profit for earlier years	<b>1763.11</b>	1675.55
Profit available for appropriation	<b>2029.53</b>	1802.99
Transfer to General Reserve	<b>25.00</b>	25.00
Dividend on equity shares	<b>12.76</b>	12.76
Tax on proposed dividend	<b>2.09</b>	2.12
Balance to be carried forward a sum of	<b>1989.68</b>	1763.11
Earnings per equity share of Rs. 10/- each	<b>41.75</b>	19.97



## DIRECTORS' REPORT (Contd..)

### PERFORMANCE HIGHLIGHTS

The members would be glad to note that the Company has shown appreciable all-round improvement in production, sales, turnover and profit during the year under review. The comparative charts, given hereunder, highlight the impressive performance.





## **DIRECTORS' REPORT (Contd..)**

### **1. PRODUCTION**

During the year under review the Company produced 38,241 tons of Grinding Media as compared to 29,865 tons in the previous year, an increase of 28%.

### **2. SALES & PROSPECTS**

The Company sold 38,379 tons of Grinding Media during the year under review as against 29,404 tons in the previous year. The sales revenue was higher at Rs.20,124 lakhs as against Rs.13,695 lakhs in the previous year recording a jump of 47%. The order book for the current year is also quite comfortable.

### **3. DIVIDEND**

Your Directors are pleased to recommend a dividend of 20% (Rs.2.0 per share).

### **4. FINANCE**

The liquidity position of the Company remained satisfactory. Canara Bank and State Bank of India extended their full co-operation to the Company.

### **5. SCIENTIFIC RESEARCH**

The In-House Research & development Section of the Company has continued to focus its attention on innovation, quality improvement, waste elimination and pollution control. With its sustained efforts, new grades of products have been developed for mineral grinding operations which have been well received by the mining industry. The Company's products have now global presence and command a premium for its quality.

### **6. EMPLOYEE RELATIONS**

The relationship with the employees remained cordial.

#### **DIRECTORS**

Messrs R.P.Agarwal, D.P.Dhanuka and Pradip R.Shah retire by rotation and are eligible for reappointment.

#### **AUDITORS**

Messrs Dagliya & Company, Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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;
- iii) That 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;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

#### **GENERAL**

1. Information required under section 217(2-A) of the Companies Act of 1956: -

Number of employees employed by the Company during the financial year under review drawing a remuneration in aggregate of not less than Rs. Sixty Lakhs per annum or Rs. Five Lakhs per month—NIL

2. Particulars as required under listing agreement Clause 49 are furnished as Annexure-I to this report and form a part thereof.
3. Certificate from a Company Secretary under proviso to section 383A of the Companies Act is attached as Annexure II to this report.
4. The relevant notes on the accounts and accounting policy contained elsewhere in this Annual Report are self-explanatory with regard to the observations of the Auditors.

Place : Bangalore

Date : 05-05-2011

For and on behalf of the Board of Directors

**VINOD NARAIN**  
Chairman



## ANNEXURE-I TO DIRECTORS' REPORT

### ANNEXURE – I

Particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31.03.2011.

#### I. CONSERVATION OF ENERGY

Effective steps were taken to conserve energy.

##### 1. POWER AND FUEL CONSUMPTION

Electricity

	2010-11	2009-10
i) Units purchased	4,71,90,000	3,83,39,160
Total amount in Rs.	24,92,43,601	19,47,22,378
Rate / Unit (Rs.)	5.28	5.08
ii) Units generated	9,41,735	1,38,181
Unit generated / Litre of Diesel/HFO	3.77	3.18

##### 2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT : GRINDING MEDIA)

Electricity Units	1275	1327
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#### II. RESEARCH AND DEVELOPMENT

##### 1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- Development of highly corrosion resistant grinding media.
- Use of alternate fuels for heat treatment.
- Improvement in pollution control systems.

##### 2. BENEFITS DERIVED

- Increase in business volume in mining area
- Cost reduction.
- Better working environment.

##### 3. FUTURE PLAN OF ACTION

- Up-gradation of moulding technology.
- Mechanization of material handling.
- Conservation of water.





## ANNEXURE-I TO DIRECTORS' REPORT (Contd..)

### III. TECHNOLOGY ABSORPTION AND INNOVATION

#### 1. EFFORTS MADE

- a) Introduction of new quality control parameters.
- b) Computerised radiation checking of raw materials.

#### 2. BENEFITS

- a) Reduction in rejection.
- b) Elimination of radioactive contamination.

#### 3. PARTICULARS OF TECHNOLOGY IMPORTED DURING THE LAST 5 YEARS - NIL -

#### 4. EXPENDITURE ON R & D

Rs. in Lakhs

- |            |       |
|------------|-------|
| a) Capital | N I L |
| b) Revenue | 5.78  |

Total R&D Expenditure as a percentage of total turnover (%) 0.03

### IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs.in Lakhs

#### 1. EARNINGS

Foreign exchange earned. NIL

#### 2. OUTGO

- |  |      |
|--|------|
| a) CIF Value of Imports                                | NIL  |
| b) Expenditure in Foreign Currency on Dividend Payment | 1.20 |

### V . PARTICULARS IN COMPLIANCE WITH THE LISTING AGREEMENT:

#### CLAUSE 49

- a) The security of the Company is not suspended from trading in any stock exchanges wherever it is listed.
- b) Name and address of the stock exchange where the securities are listed.

#### **Bangalore Stock Exchange Ltd.,**

Stock Exchange Towers,  
No.51, 1st Cross, J C Road  
Bangalore - 560 027.

#### **SCRIPT CODE NO 504988**

The Stock Exchange-Mumbai,  
Phiroze Jeejeebhoy Towers,  
25th Floor, Dalal Street,  
Mumbai – 400 001.

#### **ISIN – INE 380G01015**

Central Depository Services (India) Limited.  
Phiroze Jeejeebhoy Towers,  
28th Floor, Dalal Street,  
Mumbai - 400 001.

#### **ISIN – INE 380G01015**

National Security Depository Ltd.  
Trade World,  
Kamala Mills Compound.  
Senapathi Bapat Marg, Lower Parel,  
Mumbai-400 013

The Company has paid the listing fees for the financial year 2011-2012 to all the Stock exchanges wherever its securities are listed.



## ANNEXURE-II TO DIRECTORS' REPORT

### SECRETARIAL COMPLIANCE CERTIFICATE

To,  
The Members  
**WELCAST STEELS LIMITED**

I have examined the registers, records, books and papers of WELCAST STEELS LIMITED as required to be maintained under the Companies Act, 1956, (the act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met five times on 28.04.2010, 20.05.2010, 26.07.2010, 12.11.2010 and 03.02.2011 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.
5. The Company closed its Register of Members from 13.07.2010 to 26.07.2010 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 26.07.2010 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extraordinary General Meeting held during the financial year.
8. According to the information and explanations given to me, the company has not advanced loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. According to the information and explanations given to me, no appointment has been made necessitating the company to obtain necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable.
12. The Board of Directors has approved / ratified the issue of duplicate share certificates.
13. The Company has:
  - i) Delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the act;
  - ii) Deposited the amount of dividend declared in a separate bank account on 29.07.2010 which is within five days from the date of declaration of such dividend.
  - iii) Paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been remained in the Unpaid Dividend Account of the Company with Canara Bank, IF Branch, Bangalore.
  - iv) Duly complied with the requirements of section 217 of the act.
  - v) There were no instances necessitating the transfer of the 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 a period of seven years to Investor Education and Protection Fund.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
15. There was no requirement of appointing of a Managing Director / Whole-time-Director / Manager under the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government.



## ANNEXURE-II TO DIRECTORS' REPORT (Contd..)

16. According to the information and explanations given to me, the company has not appointed any sole-selling agent.
17. The Company has no requirement necessitating to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the year under scrutiny.
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 not issued shares / debentures / other securities during the financial year.
20. The Company has not bought back shares during the financial year ending 31.03.2011.
21. The Company has no redeemable preference shares / debentures due for redemption during the year under scrutiny.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. According to the information and explanations given to me, the Company has not accepted any deposits from the public during the year under review.
24. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31.03.2011 are within the borrowing limits of the company.
25. According to the information and explanations given to me, the company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The company has not altered the provisions of the memorandum with respect to situation 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 with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered of its Articles of association during the financial year under scrutiny.
31. According to the information and explanations given to me, no prosecution was Initiated against or show cause notices received by the company for alleged Offences under the Act and also the fines and penalties or any other punishment imposed.
32. According to the information and explanations given to me, the company has not received security deposit from its employees during the year under certification.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

Place : Bangalore  
Date : 05-05-2011

**M. MANJUNATHA REDDY**  
Name of the Company Secretary  
C.P.No: 7259  
ACS No 19957



## ANNEXURE-II TO DIRECTORS' REPORT (Contd..)

### ANNEXURE : 'A'

Name of the Company : **WELCAST STEELS LTD**  
Corporate Identity No. : **L27104KA1972PLC002163**

Registers as maintained by the Company

1. Register of Members & Index of Members U/s.150/151.
2. Register of charges U/s.143.
3. Copies of Instrument of charges created by the company U/s.136.
4. Copies of Annual Returns U/s.163
5. Minutes of proceedings of General Meetings U/s.193.
6. Minutes of proceedings of Directors Meetings U/s.193.
7. Books of accounts U/s.209.
8. Register of contracts, etc in which Directors are interested U/s.301
9. Register of Directors, Managing Director, Manager and Secretary U/s.303.
10. Register of Directors' shareholding U/s.307
11. Bank Receipts relating to deposits of Provident fund U/s.417/418/419.
12. Register of renewed and duplicate share certificates.

### ANNEXURE : 'B'

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March, 2011.

1. Balance Sheet (Schedule VI) as at 31.03.2010 Filed U/s.220 on.20.08.2010
2. Annual Return (Schedule V) U/s.159 filed on 07.09.2010
3. Compliance Certificate u/s.220 filed on 27.07.2010
4. Form No.1 filed on 11.11.2010



## AUDITORS' REPORT

To,

**The Members of  
WELCAST STEELS LIMITED  
Bangalore**

We have audited the attached Balance Sheet of WELCAST STEELS LTD., as at 31<sup>st</sup> March 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and also Cash Flow Statement for the year ended on that date. 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, based on such checks as we considered appropriate and according to the information and explanations given to us, we state that:
  - 1) (a) The company has maintained adequate records of fixed assets with full particulars including quantity and location.
    - (b) As informed to us, the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
    - (c) During the year, the company has not disposed off any substantial part of the fixed assets affecting the going concern status of the company.
  - 2) (a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
    - (b) 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.
  - 3) (a) As informed to us, the company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.

In view of the above the question of rate of interest, terms and conditions of loans, regularity of recovery of principal and interest and over dues does not arise and clauses 4 (iii) (b), (c) and (d) of the Order are not applicable.

    - (b) As informed to us, the company has not borrowed any loans from the companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.

In view of the above the question of rate of interest, terms and conditions of loans, regularity of repayment of principal and interest and over dues does not arise and clauses 4 (iii) (e), (f) and (g) of the Order are not applicable.
  - 4) In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
  - 5) (a) Based on the audit procedures and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained u/s 301 of the companies Act, 1956 have been so entered.
    - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
  - 6) As explained to us, the company has not accepted any deposits from the public with in the meaning of sections 58A and 58 AA or any other relevant provisions of the companies Act, 1956 and Rules framed there under.



## AUDITORS' REPORT (Contd..)

- 7) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business
- 8) According to the information and explanations given to us, maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 has not been prescribed to the company's products.
- 9) (a) According to the records of the Company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it.  
(b) According to the information and explanations given to us and based on the records verified by us, we state that no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise duty and Cess which have remained outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they became payable.  
(c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, customs duty, wealth tax and cess, which have not been deposited on account of any dispute except as stated below:

Name of the Statute	Nature of Dues	Disputed Amount (Rs.)	Forum where the dispute is pending
Foreign Trade Regulation Act (DEEC Scheme)	Customs Duty, Interest	556.37 lakhs*	Additional Director General of Foreign Trade/ Asst Commissioner of Customs, ICD, Bangalore
Finance Act, 1994	Service Tax,	116.64 lakhs	Customs, Excise & Service Tax Appellate Tribunal Bangalore

\* Rs 35 lakhs has been deposited against the above.

- 10) The company neither has accumulated losses at the end of the financial year nor incurred cash losses during the current and the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company has neither borrowed any loans from Financial Institutions nor issued any debentures and consequently the question of default in repayment does not arise.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) As informed to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) Based on the information and explanations given to us by the management, the term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- 19) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
- 20) The company has not raised money by public issues during the year.



## AUDITORS' REPORT (Contd..)

- 21) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
2. Further to our comments in Para (1) above:
- 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, the company has kept proper books of accounts as required by law so far, as appears from our examination of those books.
  - iii. The Balance sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance sheet, Profit & Loss Account and Cash Flow Statement referred to in this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956.
  - v. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors and the information and explanations given to us, we state that none of the Directors of the company is prime facie, as at 31<sup>st</sup> March 2011 is disqualified from being appointed as a Director in terms of clause (g) of subsection (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 together with the Notes and Accounting policies 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:
    - i) In the case of Balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011;
    - ii) In the case of Profit & Loss Account of the Profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Place : Bangalore  
Date : 05-05-2011

**For DAGLIYA & CO.**  
Chartered Accountants  
(FRN 000671S)

**(P.MANOHARA GUPTA)**  
Partner  
Membership No: 16444



## BALANCE SHEET

AS AT 31ST MARCH 2011

Rupees in Lakhs

	Schedule Reference	As at 31st March 2011		As at 31st March 2010	
<b>I SOURCES OF FUNDS</b>					
1. Share holders' funds					
a) Capital	A	63.84		63.84	
b) Reserves & Surplus	B	2,305.65	2,369.49	2,055.25	2,119.09
2. Loan funds:	C				
Secured Loans			593.92		656.65
<b>TOTAL</b>			<b>2,963.41</b>		<b>2,775.74</b>
<b>II APPLICATION OF FUNDS</b>					
1. Fixed Assets:					
a) Gross block	D	4,165.13		4,014.38	
b) Less: Depreciation		3,106.47		2,814.86	
c) Net block		1,058.66		1,199.52	
d) Capital work-in-progress		22.67	1,081.33	93.30	1,292.82
2. Investments	E		0.01		0.04
3. Deferred Tax Asset	F		97.15		63.57
4. Current Assets:	G				
a) Inventories		1,643.49		1,673.94	
b) Sundry Debtors		1,002.60		496.36	
c) Cash and Bank balances		91.79		51.98	
5. Loans and advances	H	1,578.45		1,790.46	
		4,316.33		4,012.74	
Less: Current Liabilities & Provisions:	I				
a) Current Liabilities		2,395.31		2,471.45	
b) Provisions		136.10		121.98	
Net Current Assets		2,531.41	1,784.92	2,593.43	1,419.31
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	Q				
<b>TOTAL</b>			<b>2,963.41</b>		<b>2,775.74</b>

For and on behalf of the Board  
**D. P. DHANUKA**  
**R. P. AGARWAL**  
**BHADRESH K. SHAH**  
**PRADIP R. SHAH**  
Directors

**VINOD NARAIN**  
Chairman

As per our Report attached for **DAGLIYA & CO.**  
Chartered Accountants  
(FRN 000671S)

**P.MANOHARA GUPTA**  
Partner  
M.NO.16444  
Place : Bangalore  
Date : 05-05-2011

Place : Bangalore  
Date : 05-05-2011





# PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE Reference	For the year ended 31st March 2011	For the year ended 31st March 2010
<b>I INCOME</b>			
Income from operations(Gross)	J	21,819.11	14,705.15
Less:Excise duty		1,694.61	1,009.98
Net Income from operations		20,124.50	13,695.17
Other Income	K	26.64	65.17
	<b>TOTAL</b>	<b>20,151.14</b>	<b>13,760.34</b>
<b>II EXPENDITURE</b>			
Cost of Production	L	18,987.38	12,404.47
Purchase of finished goods		-	20.20
(Increase)/Decrease in stocks	M	(131.24)	187.74
Administrative expenses	N	201.82	169.03
Selling & Distribution expenses	O	372.25	317.27
Financial Charges	P	62.83	63.60
	<b>TOTAL</b>	<b>19,493.04</b>	<b>13,162.31</b>
Profit before depreciation		658.10	598.03
Depreciation on Fixed Assets	D	291.60	364.79
Less: Amount transferred from revaluation reserve		(1.17)	(2.04)
Profit before tax		290.43	362.75
Provision for:		367.67	235.28
a) Current tax		134.50	100.20
b) Deferred tax		(33.59)	12.23
c) Income Tax adjustment for earlier years		-	(4.40)
Profit after tax		266.76	127.25
Less:Prior period adjustments		0.34	(0.19)
Net Profit		266.42	127.44
ADD: Balance brought forward		1,763.11	1,675.55
Amount available for appropriations		2,029.53	1,802.99
<b>APPROPRIATIONS:</b>			
Transfer to General reserve		25.00	25.00
Proposed Dividend		12.76	12.76
Dividend distribution tax on proposed dividend		2.09	2.12
Balance carried to Balance Sheet		1,989.68	1,763.11
		2,029.53	1,802.99
Earnings per equity share of Rs.10/= each (Basic and Diluted)		41.75	19.97
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	Q		

For and on behalf of the Board  
**D. P. DHANUKA**  
**R. P. AGARWAL**  
**BHADRESH K. SHAH**  
**PRADIP R. SHAH**  
Directors

**VINOD NARAIN**  
Chairman

As per our Report attached  
for **DAGLIYA & CO.**  
Chartered Accountants  
(FRN 000671S)

**P.MANOHARA GUPTA**  
Partner  
M.NO.16444  
Place : Bangalore  
Date : 05-05-2011

Place : Bangalore  
Date : 05-05-2011



## SCHEDULE - A

SHARE CAPITAL	As at 31st March 2011		Rupees in Lakhs
			As at 31st March 2010
<b>AUTHORISED</b>			
20,00,000 Equity Shares of Rs. 10/- each	200.00		200.00
	<u>200.00</u>		<u>200.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
6,38,161(Previous year-6,38,161) Equity Shares of Rs.10/- each	63.82		63.82
<b>FORFEITED SHARES</b>	0.02		0.02
425 (Previous year 425 ) Equity shares originally paid up at Rs 5/- Share			
<b>TOTAL</b>	<u>63.84</u>		<u>63.84</u>

Paid up capital of the Company includes 4,56,881 (Prev yr 4,56,881) fully paid equity shares held by AIA Engineering Ltd, a holding Company

## SCHEDULE - B

RESERVES & SURPLUS	As at 31st March 2011		As at 31st March 2010	
<b>SHARE PREMIUM</b>				
as per last Balance Sheet	47.79		47.79	
<b>REVALUATION RESERVE</b>				
as per last Balance Sheet	15.22		14.03	
Add: Excess withdrawn in earlier Years	-		3.23	
Less: Withdrawal on account of depreciation	1.17	14.05	2.04	15.22
<b>GENERAL RESERVE</b>				
as per last Balance Sheet	229.13		204.13	
Add: Transferred from Profit & Loss a/c	25.00	254.13	25.00	229.13
<b>PROFIT &amp; LOSS ACCOUNT</b>				
Balance at credit	1,989.68		1,763.11	
<b>TOTAL</b>	<u>2,305.65</u>		<u>2,055.25</u>	

## SCHEDULE - C

SECURED LOANS	As at 31st March 2011		As at 31st March 2010	
From Canara Bank for				
(i) Cash Credit *	9.13		11.28	
(ii) Packing Credit*	550.00	559.13	550.00	561.28
From State Bank of India				
(i) Term loan **	34.79		95.37	
(Repayable with in one year Rs.60 Lacs - Previous year Rs 60 lacs)				
<b>TOTAL</b>	<u>593.92</u>		<u>656.65</u>	

\* Secured by

- (i) Hypothecation of plant and machinery funded by Canara Bank.
- (ii) Hypothecation of Equipments and accessories, book debts and inventories.
- (iii) Land & Buildings acquired out of Company's own funds on pari pasu basis with State Bank of India.

\*\* Secured by

- (i) Hypothecation of plant and machinery funded by State Bank of India
- (ii) Land & Buildings acquired out of Company's own funds on pari pasu basis with Canara Bank.



## SCHEDULE - D

Rupees in Lakhs

### SCHEDULE - D

#### FIXED ASSETS

PARTICULARS	Gross Block			Depreciation			Net Block		
	As at 1.04.2010	Additions during the Year	Deletions during the Year	As at 31.03.2011	As at 1.04.2010	For the Year	Withdrawal	As at 31.03.2011	As at 31.03.2010
Land	8.89	-	-	8.89	-	-	-	8.89	8.89
Buildings	595.23	2.14	-	597.37	278.45	31.43	-	287.49	316.78
Plant & Machinery	3,225.90	101.64	-	3,327.54	2,407.32	241.85	-	678.36	818.58
Plant & Machinery (R &D)	6.55	-	-	6.55	5.13	0.18	-	1.25	1.42
Borewell	3.26	1.61	-	4.87	1.50	0.09	-	3.28	1.76
Furniture & Fixtures	38.93	1.53	-	40.46	24.81	3.20	-	12.45	14.12
Office Equipments	53.01	41.41	-	94.42	44.15	6.37	-	43.90	8.86
Laboratory Equipments	40.35	-	-	40.35	15.79	6.83	-	17.72	24.56
Vehicles	42.26	2.42	-	44.68	37.71	1.65	-	5.32	4.55
<b>Total</b>	4,014.38	150.75	-	4,165.13	2,814.86	291.60	-	1,058.66	1,199.52
Capital work in progress	93.30	21.54	92.18	22.67	-	-	-	22.67	93.30
<b>Total</b>	4,107.68	172.30	92.18	4,187.80	2,814.86	291.60	-	1,081.33	1,292.82
Previous year	3,979.95	127.73	-	4,107.67	2,453.31	364.79	3.23	1,292.82	-



## SCHEDULE - E

INVESTMENTS	As at 31st March 2011	<i>Rupees in Lakhs</i> As at 31st March 2010
1. (At cost, unquoted & Non Trade) - Permanent - In Government Securities (National Saving Certificates/IVP)	0.01	0.04
<b>TOTAL</b>	<b>0.01</b>	<b>0.04</b>

## SCHEDULE - F

DEFERRED TAX ASSETS	As at 31st March 2011	As at 31st March 2010
Arising on account of timing difference in		
- Leave encashment	8.13	8.65
- Bonus	0.49	0.50
- Depreciation	58.25	29.25
- Gratuity	30.28	25.17
<b>TOTAL</b>	<b>97.15</b>	<b>63.57</b>

## SCHEDULE - G

CURRENT ASSETS	As at 31st March 2011	As at 31st March 2010
1. Stores and Spares	368.66	351.27
2. Stock - in - trade		
a) Raw Materials	528.36	707.43
b) Stock in process	508.28	341.31
c) Finished Goods	230.59	266.33
d) Stock of DEBP Receivable	7.60	7.60
3. Sundry Debtors (Unsecured and considered good)	1,643.49	1,673.94
a) Outstanding for a period exceeding Six Months	68.65	23.19
b) Others	933.95	473.17
4. Cash & Bank Balances		
a) Cash on hand	6.74	4.51
b) Bank Balances with scheduled banks		
i) in current Accounts	53.05	26.86
ii) in Unpaid Dividend Accounts	2.83	2.69
iii) in fixed deposit	29.08	17.83
c) With Post Office in Savings Bank (Pass book deposited with Central Excise Dept)	0.09	0.09
<b>TOTAL</b>	<b>2,737.88</b>	<b>2,222.28</b>



## SCHEDULE - H

LOANS & ADVANCES	As at 31st March 2011		Rupees in Lakhs As at 31st March 2010	
(Unsecured & considered good)				
a) Advances Recoverable in cash or in kind or for value to be received	574.70			629.23
b) Deposits				
i) Earnest Money Deposit	4.61		3.84	
ii) Others	543.06	547.67	543.07	546.91
c) Balance with Central Excise Department		151.21		458.18
d) Balance with Sales Tax Department		303.58		145.16
e) Income tax refund receivable		1.29		10.98
<b>TOTAL</b>		<b>1,578.45</b>		<b>1,790.46</b>

## SCHEDULE - I

CURRENT LIABILITIES & PROVISIONS	As at 31st March 2011		As at 31st March 2010	
<b>A) CURRENT LIABILITIES</b>				
Sundry Creditors:				
Total outstanding due to Micro & Small Enterprises	7.94			60.41
Total outstanding due to other Creditors	950.42			927.13
Other Liabilities	1,434.12			1,481.22
Unclaimed Dividend**	2.83	2,395.31	2.69	2,471.45
<b>B) PROVISIONS</b>				
For Tax				
For Inome Tax	134.50			100.20
Less: Advance Tax & TDS paid	128.85	5.65		92.59      7.61
Leave encashment	24.48			25.46
Group Gratuity	91.14			74.03
Proposed Dividend	12.76			12.76
Corporate Dividend Tax on above	2.07	130.45		2.12      114.37
<b>TOTAL</b>		<b>2,531.41</b>		<b>2,593.43</b>

\*\* Amounts remaining unclaimed shall be credited to Investors' Education & Protection Fund as and when the same falls due.



## SCHEDULE - J

		<i>Rupees in Lakhs</i>
	<b>For the year ended 31st March 2011</b>	For the year ended 31st March 2010
<b>A) GROSS REVENUE</b>		
i) Local Sales	6,198.03	3,896.63
ii) Deemed Export Sales	15,621.08	10,808.52
<b>Sub Total</b>	<b>21,819.11</b>	<b>14,705.15</b>
Less:Excise Duty	1,694.61	1,009.98
<b>TOTAL</b>	<b>20,124.50</b>	<b>13,695.17</b>

## SCHEDULE - K

		For the year ended 31st March 2010
	<b>For the year ended 31st March 2011</b>	
<b>OTHER INCOME</b>		
Interest on deposit with bank and Financial institution (TDS Rs.0.28 lacs(PreviousYear Rs.0.19 lacs)	1.40	0.75
Interest received from a customer (TDS Rs.nil Previous year Rs.Nil)	-	4.67
Interest received on security deposit with KPTCL (TDS Rs.1.58 lacs Previous Year Rs. 4.5 lacs)	19.92	19.90
Miscellaneous income	5.32	39.85
<b>TOTAL</b>	<b>26.64</b>	<b>65.17</b>



## SCHEDULE - L

			<i>Rupees in Lakhs</i>	
	<b>For the year ended 31st March 2011</b>		For the year ended 31st March 2010	
<b>COST OF PRODUCTION</b>				
A. RAW MATERIALS CONSUMED		<b>13,731.46</b>		8,308.33
B. LABOUR & OTHER OVERHEADS				
LABOUR:				
Wages	<b>261.34</b>		235.15	
Contribution to P.F. & Other Funds	<b>18.73</b>	<b>280.07</b>	14.55	249.70
PRODUCTION STAFF:				
Salaries	<b>243.72</b>		219.96	
Contribution to P.F. & Other Funds	<b>11.49</b>	<b>255.21</b>	9.74	229.70
Employee Welfare		<b>57.49</b>		38.33
OTHER OVERHEADS:				
Stores Consumed		<b>1,668.45</b>		1,244.21
Power & Fuel		<b>2,492.44</b>		1,961.02
Repairs to - Plant & Machinery	<b>80.13</b>		68.84	
- Buildings	<b>20.80</b>	<b>100.93</b>	16.74	85.58
Factory Maintenance		<b>23.70</b>		26.82
Job charges		<b>371.85</b>		255.98
Scientific Reserch Expenditure:				
Material consumed	<b>1.76</b>		1.58	
Salaries	<b>3.89</b>		3.14	
Others	<b>0.13</b>	<b>5.78</b>	0.08	4.80
<b>TOTAL</b>		<b>18,987.38</b>		<b>12,404.47</b>



## SCHEDULE - M

	For the year ended 31st March 2011		For the year ended 31st March 2010	
<i>Rupees in Lakhs</i>				
<b>(INCREASE) /DECREASE IN VALUE OF:</b>				
i) FINISHED GOODS				
Opening Stock (Net of Excise)	263.78		52.36	
Closing Stock (Net of Excise)	228.26	35.52	263.78	(211.42)
ii) WORK IN PROGRESS				
Opening Stock	341.31		738.27	
Closing Stock	508.28	(166.97)	341.31	396.96
iii) EXCISE DUTY ON FINISHED GOODS:				
Opening Stock	2.54		4.74	
Closing Stock	2.33	0.21	2.54	2.20
<b>TOTAL</b>		<b>(131.24)</b>		<b>187.74</b>

## SCHEDULE - N

	For the year ended 31st March 2011		For the year ended 31st March 2010	
<b>ADMINISTRATIVE EXPENSES</b>				
Salaries	60.60		55.42	
Contribution to PF & Other Funds	1.26		1.29	
Gratuity	26.13		9.58	
Rent	4.11		3.51	
Rates & Taxes	9.33		8.29	
Insurance	8.42		10.94	
Office Upkeeping,Maintenance,Repairs etc.,	3.14		2.35	
Printing & Stationery	7.96		5.15	
Telephone & Postage	7.16		6.44	
Travelling,Conveyance & Vehicle Maintenance	19.62		14.67	
Sitting Fees	1.23		0.90	
Auditors Remuneration:				
Statutory Audit Fee	1.20		1.20	
Tax Audit Fee	0.30		0.30	
KVAT Audit fee	0.30		0.30	
For Tax Matters	0.40		0.40	
Certification Fee	0.50	2.70	0.50	2.70
Legal and Professional Charges	22.09		27.00	
Bank Charges	9.34		5.73	
Advertisement expenses	1.22		0.89	
Miscellaneous expenses	17.51		14.17	
<b>TOTAL</b>		<b>201.82</b>		<b>169.03</b>





## SCHEDULE - O

*Rupees in Lakhs*

### SELLING & DISTRIBUTION EXPENSES

Bad debts written off  
Packing materials  
Selling Expenses  
Freight Outward

**TOTAL**

**For the year ended  
31st March 2011**

**1.92**  
**352.58**  
**4.30**  
**13.45**  

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**372.25**  

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For the year ended  
31st March 2010

15.87  
289.20  
3.99  
8.21  

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317.27  

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## SCHEDULE - P

### FINANCIAL CHARGES

Interest on Cash Credit / Packing Credit  
Interest on term loans

**TOTAL**

**For the year ended  
31st March 2011**

**53.26**  
**9.57**  

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**62.83**  

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For the year ended  
31st March 2010

48.58  
15.02  

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63.60  

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## SCHEDULE - Q

### Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2011.

#### A. Significant Accounting Policies

##### I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS.

The financial statements, unless specifically stated otherwise, have been prepared under the historical cost convention in accordance with Indian generally accepted accounting principles and the provisions of the Companies Act 1956 as adopted consistently by the Company.

##### II. FIXED ASSETS:

- a) Land, Building and Plant and Machinery acquired up to 31st March 1989 are stated on the basis of revaluation and other fixed assets are stated at cost.
- b) All direct costs and cost of financing relating to the specific borrowing attributable to the fixed assets are capitalized and CENVAT credit / VAT credit availed/ available on the capital goods are deducted from the cost of the corresponding assets.
- c) Profit / Loss on disposal of fixed assets are credited / charged, as the case may be, to Profit and Loss Account.

##### III. DEPRECIATION

- a) In respect of the assets acquired up to 31-03-1996, depreciation has been provided on straight-line method at the rates and in the manner stipulated under schedule XIV to the Companies Act 1956.
- b) In respect of the assets acquired after 31-03-1996, depreciation has been provided on written down value method at the rates and in the manner stipulated under schedule XIV to the Companies Act 1956.
- c) Depreciation on incremental value on account of revaluation of Building and Plant & Machinery is charged to revaluation reserve.

##### IV. INVESTMENTS

Investments held are classified as long term and carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary.

##### V. INVENTORY

- a) Finished Goods, Stock-in- process and foundry returns are valued at cost or net realizable value whichever is lower. Cost represents material cost, labour cost, and other appropriate overheads. Finished Goods are valued inclusive of excise duty.
- b) Raw Materials, Stores & spares and other inputs are valued at cost or net realizable value whichever is lower, cost being determined on weighted average method. However raw materials and other inputs held for use in or in relation to production are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- c) Excess / shortage, if any, arising on physical verification are absorbed in the respective consumption accounts.

##### VI. REVENUE RECOGNITION:

Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and sales tax and inclusive of excise duty.

##### VII. EMPLOYEE BENEFITS :

- a) Defined Contribution plans:

These are plans in which the company pays pre defined amounts to separate funds, and does not have any legal or informal obligation to pay any additional sums. These comprise of defined contribution plans for employees comprising of government administered employees state insurance, provident fund and pension plans. The contribution paid / payable to these plans during the year is charged to profit and loss account for the year on accrual basis.

- b) Defined benefit plans:

- i) Gratuity: The Company makes contributions to the employees' group gratuity-cum-life assurance scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits has been determined on actuarial valuation conducted annually by an independent Actuary using the projected unit credit method, as adjusted for un recognized past service cost, if any, and as reduced by the fair value of the plan assets, is recognized in the accounts. Actuarial gains and losses for the current year are recognized in full in the profit and loss account for the period in which they occur.
- ii) Compensated absence: The Company has a scheme for compensate absence for employees. The liability of which is determined on the basis of an actuarial valuation carried out by an independent actuary at the end of the year. The actuarial gains or losses are recognized in full in the profit and loss account for the period in which they occur.
- iii) Short term employee benefit: All employee benefits which are wholly due within twelve months of rendering the services are recognized in the period in which the employee renders the related services.



## SCHEDULE - Q (Contd..)

### VIII. RESEARCH AND DEVELOPMENT:

Revenue expenses incurred on Research and Development are charged off to revenue in the year of incurrence. Fixed assets purchased for Research and Development purposes are capitalized and depreciated as per the Company's Accounting policy.

### IX. FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains / losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currency as at the year end are recognized in the profit and loss account.

### X. TAXATION:

Tax on income for the current period is determined on the basis of taxable income estimated in accordance with provisions of Income tax Act, 1961. Deferred tax asset is recognized for the future tax consequences of the timing difference between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognised only if there is virtual certainty that they will be realised in future and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantively enacted tax rates.

### XI. IMPAIRMENT OF ASSETS:

In accordance with Accounting Standard (AS)-28, "Impairment of Assets", where there is an indication of impairment of the company's assets related to cash generating units, the carrying amount of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such asset is estimated as the higher of its realizable value and its value in use. An impairment loss is recognized in the Profit and Loss Account whenever the carrying amount of such assets exceeds its recoverable value.

### XII. PROVISIONS AND CONTINGENT LIABILITIES:

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligations. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

### XIII. EARNINGS PER SHARE:

Basic earnings per share is arrived at based on net profit after taxation available to the equity shareholders to the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated on the same basis as basic earnings per share after adjusting for the effects of potential dilutive equity shares.

### B. NOTES ON ACCOUNTS:

Particulars	Rs. in Lakhs	
	31.3.2011	31.3.2010
1. Contingent liability to the extent not provided for in respect of		
Disputed customs duty	556.37	556.37
Disputed Income Tax	3.82	3.82
Claims against the company not acknowledged as debt	7.60	7.60
Disputed Service Tax	116.64	Nil
2. Amount remitted in foreign currency on account of Dividend:		
Number of non resident share holders	2	2
Number of shares held by them	59,880	59,880
Amount of dividend	1.20	1.20
Year for which dividend was remitted	2009-2010	2008-2009

(This information pertains to the non-resident shareholders by direct remittance)



## SCHEDULE - Q (Contd..)

3. The company manufactures and deals with a single product, Alloy Steel Cast Grinding Media. Also Company's operations are solely situated in India. Hence there are no reportable segments as required by AS – 17 "Segment Reporting" prescribed under the Companies (Accounting Standards) Rules, 2006.
4. The company has not entered into any non cancelable lease arrangement.

5. Related party disclosures: Rupees in Lakhs  
Parties where control exists:

Related Party	Relationship
<b>Holding Company :</b> AIA Engineering Limited <b>Key Managerial Personnel :</b> Vinod Narain Pradip .R. Shah	Controlled By Bhadresh K. Shah –Director  Chairman Director

Transactions with related parties	Current Year		Previous Year	
	Holding Company	Directors	Holding Company	Directors
Purchases of Goods/Services	117.75	NIL	182.99	NIL
Sales of Goods	15605.49	NIL	10832.56	NIL
Purchases of fixed assets	NIL	NIL	79.54	NIL
Professional charges paid	NIL	2.61	NIL	1.80
Due to holding company as at last date of the financial year against supply / advances for supplies	1287.54	NIL	1288.03	NIL

6. Earnings Per Share: Rupees in Lakhs

**Particulars**

Net Profit for the Year Rs.:

Number of Shares

Nominal Value of each Share in Rs.

Earnings per Share (Basic and Diluted):

**Current Year**

266.42

6,38,161

10/-

41.75

Previous Year

127.44

6,38,161

10/-

19.97



## SCHEDULE - Q (Contd..)

*Rupees in Lakhs*

7. Disclosure pursuant to Section 22 of "The Micro, Small & Medium Enterprises Development Act 2006" is as follows: -

Particulars	31-03-2011	31-03-2010
i) Principal amount remaining unpaid at the end of the year	7.94	60.41
ii) Interest accrued at the end of the year	NIL	2.70
Interest remaining unpaid, out of above, as at the end of the year	NIL	2.70
iii) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	4.15	4.15

Note: This information has been determined to the extent such parties have been identified on the basis of information available with the Company.



## SCHEDULE - Q (Contd..)

Rupees in Lakhs

8. As per revised Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

Employee benefits:

**i. Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

**Particulars**

Employer's Contribution to Provident Fund  
Employer's Contribution to Employee State Insurance Scheme

**ii. Defined Benefit plans:**

1. Actuarial assumptions

Discount Rate (Per annum)  
Expected return on plan assets  
Salary escalation rate  
Mortality Rate LIC (1994-96) published table of rates

2. Reconciliation of present value of obligation

Present value of obligation at the beginning of the year  
Interest cost  
Current service cost  
Actuarial (gain) /Loss  
Benefits Paid  
Curtailments  
Settlements  
Present value of obligation at the end of the year

3. Reconciliation of Fair value of plan assets

Fair value of plan assets at the beginning of the year  
Expected return on plan assets  
Actuarial gain / (Loss)  
Contributions  
Benefits paid  
Assets distributed on settlement  
Fair value of plan assets at the end of the year

4. Net (Assets) / Liability recognized in the balance sheet as at year end Present value of obligation at the end of the year

Fair value of plan assets at the end of the year  
Net present value of unfunded obligation recognised as (assets) /Liability in the Balance Sheet.

5. Expenses recognised in the profit and loss account

Current Service cost  
Interest cost  
Expected return on plan assets  
Actuarial (Gain) / Loss recognised in the period  
Past service cost  
Curtailment Cost  
Settlement Cost  
Total Expenses recognised in the profit and loss account for the year  
Actual return on plan assets

	For the year ended 31-03-2011		For the year ended 31-03-2010	
	<b>22.97</b>		21.48	
	<b>8.52</b>		4.10	
	Gratuity -Funded		Leave encashment unfunded	
	Current Year	Previous Year	Current Year	Previous Year
	8.00%	7.75%		
	8.00%	8.00%		
	6%	6%		
	152.72	166.57	25.46	20.63
	11.84	12.91	1.89	1.60
	10.09	9.26	4.01	5.57
	9.83	(31.69)	(1.73)	0.27
	(41.21)	(4.32)	(5.15)	(2.61)
	-	-		
	-	-		
	143.27	152.72	24.48	25.46
	78.69	67.09	-	-
	5.01	5.58	-	-
	0.63	0.77	-	-
	9.02	9.58	5.15	2.61
	(41.21)	(4.32)	(5.15)	(2.61)
	-	-	-	-
	52.14	78.69	-	-
	143.27	152.72	24.48	25.46
	52.14	78.69	-	-
	91.14	74.03	24.48	25.46
	10.09	9.26	4.01	5.57
	11.84	12.91	1.89	1.60
	(5.01)	(5.58)	-	-
	9.20	(32.46)	(1.73)	0.27
	-	-	-	-
	-	-	-	-
	-	-	-	-
	26.13	(15.87)	4.17	7.44
	5.01	5.58	-	-

The above disclosures are based on information certified by the independent acutary and relied upon by the auditors.



## SCHEDULE - Q (Contd..)

9. Quantitative information in respect of goods manufactured / produced :  
Licensed capacity is not applicable in view of the Company's products having been delicensed as per the licensing policy of the Government of India.

PARTICULARS	As at 31st March 2011		As at 31st March 2010	
	Qty in MT	Value Rs in Lakhs	Qty in MT	Value Rs in Lakhs
Installed capacity as certified by the Management: (On triple shift basis per annum)	<b>42,000</b>		42,000	
Description of the product ALLOY STEEL CAST GRINDING MEDIA				
<b>Opening Stock of Finished Goods</b>	<b>600</b>	<b>266.33</b>	99	57.11
<b>Production</b>				
Own Production - Grinding Media - Qty	<b>38,241</b>		29,865	
Purchase of Finished Goods	<b>Nil</b>	<b>Nil</b>	40	20.20
<b>Turnover</b>	<b>38,379</b>	<b>20,124.50</b>	29,404	13,695.17
<b>Closing Stock of Finished Goods</b>	<b>462</b>	<b>230.59</b>	600	266.33
<b>Raw Materials &amp; Stores Consumed</b>				
a) Raw Materials Consumed				
<b>Indigenous</b>				
Melting Steel Scrap	<b>27,734</b>	<b>5,916.84</b>	23,796	4,237.03
Alloy	<b>9,725</b>	<b>6,253.28</b>	8,093	4,058.41
Alloy Castings	<b>2,740</b>	<b>1,561.34</b>	32	12.89
<b>Percentage-wise in terms of value</b>				
<b>Indigenous</b>				
Scrap		<b>100.00%</b>		100.00%
Alloys		<b>100.00%</b>		100.00%
Castings		<b>100.00%</b>		
b) Stores & Spares Consumed				
<b>Indigenous - Value</b>		<b>1,668.45</b>		1,244.21
Percentage		<b>100%</b>		100.00%
<b>Imported - Value</b>	-	<b>NIL</b>	-	NIL
Percentage		<b>NIL</b>		NIL

10. Figures for the previous year have been re-grouped and rearranged wherever necessary.  
11. Schedules A to Q form an integral part of the accounts and have duly been authenticated.  
12. Information pursuant to part IV of schedule VI to the Companies Act 1956



## SCHEDULE - Q

### BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration Number

C I N : L 2 7 1 0 4 K A 1 9 7 2 P L C 0 0 2 1 6 3

State Code

0 8

Balance Sheet Date

3 1 0 3 2 0 1 1

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public issue

N I L

Rights Issue

N I L

Bonus issue

N I L

Private Placement

N I L

#### III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities

2 9 6 3 4 1

Total Assets

2 9 6 3 4 1

#### SOURCES OF FUNDS

Paid-up Capital

6 3 8 4

Reserves & Surplus

2 3 0 5 6 5

Secured Loans

5 9 3 9 2

Unsecured Loans

N I L

Deferred Tax Liability

N I L

#### APPLICATION OF FUNDS

Net Fixed Assets

1 0 8 1 3 3

Investments

1

Net Current Assets

1 7 8 4 9 2

Misc. Expenditure

N I L

Deferred Tax Assets

9 7 1 5

Accumulated Losses

N I L





## SCHEDULE - Q (Contd..)

### IV Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
2   0   1   5   1   1   4	1   9   7   8   3   4   7
Profit before tax	Profit after tax
3   6   7   6   7	2   6   6   4   2
Earning per share in Rs.	Dividend Rate
4   1   .   7   5	2   0   %

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Product Description

A | L | L | O | Y | S | T | E | E | L | C | A | S | T | G | R | I | N | D | I | N | G | M | E | D | I | A

S | T | E | E | L | C | A | S | T | I | N | G | S

Item Code No.

7 | 3 | 2 | 5 | 9 | 1 | 0 | 0

For and on behalf of the Board

**D. P. DHANUKA**  
**R. P. AGARWAL**  
**BHADRESH K. SHAH**  
**PRADIP R. SHAH**  
Directors

**VINOD NARAIN**  
Chairman

As per our Report attached  
for **DAGLIYA & CO.**  
Chartered Accountants  
(FRN 000671S)

**(P.MANOHARA GUPTA)**  
Partner  
M.NO.16444  
Place : Bangalore  
Date : 05-05-2011

Place : Bangalore  
Date : 05-05-2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011***Rupees in Lakhs*

	2010-2011	2009-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX AS PER PROFIT &amp; LOSS A/C</b>	<b>367.67</b>	235.28
Adjusted for		
Extraordinary items:	-	-
Net Profit before tax & extraordinary items	<b>367.67</b>	235.28
Adjustments for :		
Profit on sale of Fixed assets	-	-
Assets written off	-	-
Prior Year's expenditure	<b>(0.34)</b>	0.19
Depreciation (net)	<b>290.43</b>	362.75
Interest	<b>62.83</b>	63.60
Operating Profit before working capital changes	<b>720.59</b>	661.83
Adjustments for :		
Trade & Other Receivable	<b>(303.90)</b>	(217.12)
Inventories	<b>30.44</b>	(50.81)
Trade Payable	<b>(60.00)</b>	(93.28)
Cash generated from operations	<b>387.13</b>	300.61
Direct Taxes paid	<b>(126.78)</b>	(100.75)
Cash flow before extraordinary items	<b>260.35</b>	199.86
Extraordinary items	-	-
<b>SUB TOTAL</b>	<b>260.35</b>	199.86
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(80.12)</b>	(127.73)
Sale of Fixed assets	-	-
Sale of Investments	<b>0.04</b>	-
<b>SUB TOTAL</b>	<b>(80.08)</b>	(127.73)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment)/ Proceeds of long term borrowings	<b>(62.73)</b>	(47.70)
Interest Paid	<b>(62.83)</b>	(63.60)
Dividend Paid	<b>(14.88)</b>	(14.93)
<b>SUB TOTAL</b>	<b>(140.44)</b>	(126.23)
Net (Decrease) / Increase in cash & cash equivalents (A+B+C)	<b>39.83</b>	(54.10)
Cash & Cash equivalent at the beginning of the year	<b>51.99</b>	106.10
Cash & Cash equivalent at the closure of the year	<b>91.79</b>	51.99

For and on behalf of the Board

**D.P.DHANUKA**  
**R.P.AGARWAL**  
**BHADRESH K. SHAH**  
**PRADIP R. SHAH**  
Directors  
Place : Bangalore  
Date : 05-05-2011

**VINOD NARAIN**  
Chairman

The above cash flow has been prepared under "indirect method" as set out in the AS 3 as cash flow statement prescribed under the companies (Accounting Standards) rules 2006.

Place : Bangalore  
Date : 05-05-2011

As per our Report attached  
for **DAGLIYA & CO.**  
Chartered Accountants  
(FRN 000671S)

**P. MANOHARA GUPTA**  
Partner  
M.NO.16444

# Welcast Steels Limited

Plot No. 15, Phase I, Peenya Industrial Area, Bangalore - 560 058, India

## ATTENDANCE SLIP

DP. ID*		Regd. Folio No.	
Client Id*			

I certify that I am a registered shareholder / Proxy for the registered shareholder of the Company.

I hereby record my presence at the **THIRTY-NINTH ANNUAL GENERAL MEETING** of the Company held at The Lalit Ashok, Kumara Krupa High Grounds, Bangalore- 560 001 at 15.00 hrs on Wednesday the 3<sup>rd</sup> day of August 2011.

.....

Member's / Proxy's name in BLOCK Letters

.....

Member's / Proxy Signature

Note : Please fill this attendance slip and hand it over at the entrance of the venue of AGM.

: \*Applicable for investors holding shares in electronic form.

#

# Welcast Steels Limited

Plot No. 15, Phase I, Peenya Industrial Area, Bangalore - 560 058, India

## FORM OF PROXY

I/We..... of in the district of

..... being a Member/s of Welcast Steels Limited hereby

appoint ..... of ..... or failing him

..... of ..... as my / our proxy to

attend and vote for me/us on my / our behalf at the **THIRTY-NINTH ANNUAL GENERAL MEETING** of the Company to be held on Wednesday the 3<sup>rd</sup> day of August 2011 at "The Lalit Ashok, Kumara Krupa High Grounds, Bangalore- 560 001 at 15.00 hrs and / or at any adjournment(s) thereof.

Signed this ..... day of ..... 2011.

Signature .....

DP. ID*	
Client Id*	
Regd. Folio No.	

Affix a  
1 Rupee  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

- Note: (1) The Proxy need not be a member.  
(2) This proxy form in order to be effective, should be duly stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the Annual General Meeting.

**39<sup>th</sup>**  
**ANNUAL  
REPORT  
2010-2011**



**Welcast Steels Limited**



**Welcast Steels Limited**