



**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 - 28394058, 28394059  
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



**38TH ANNUAL GENERAL MEETING**

Date	26th July 2010
Day	Monday
Time	3.00 P.M.
Place	The Lalit Ashok, Kumara Krupa High Grounds, Bangalore- 560 001
Book Closure (Dates)	13th to 26th July 2010 (Both days inclusive)



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## NOTICE

NOTICE is hereby given that the Thirty-Eighth 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 Monday, the 26th day of July 2010 to transact the following 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 2010 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Sanjay Shailesh Majmudar, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Bhadresh K. Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Vinod Narain, 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 : 20-05-2010

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

### NOTES

1. Every member who is entitled to attend and vote may appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The register of members and the share transfer books of the company will remain closed from 13th July 2010 to 26th July 2010 (both days inclusive).
3. The dividend, when declared will be paid on or before 22nd August 2010 to those members whose names appear in the register of members as on 26th July 2010.



## DIRECTORS' REPORT

Your Directors present the Thirty-Eighth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2010

### FINANCIAL RESULTS

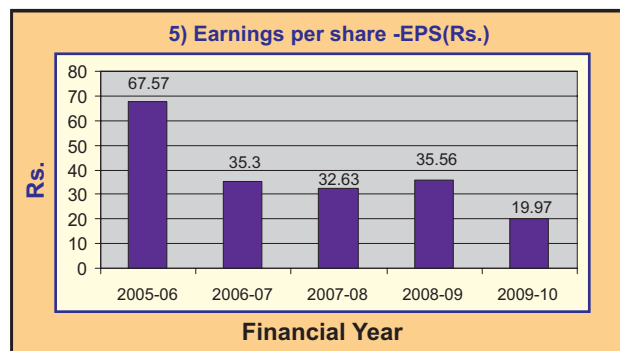
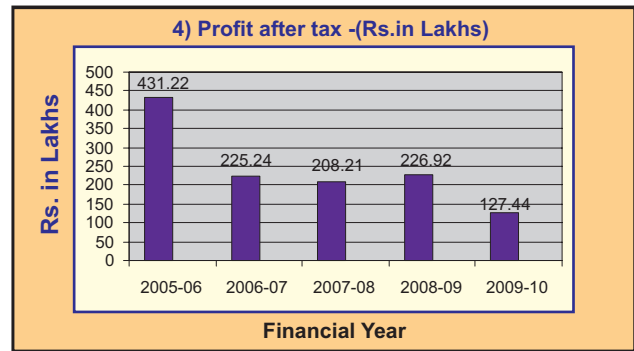
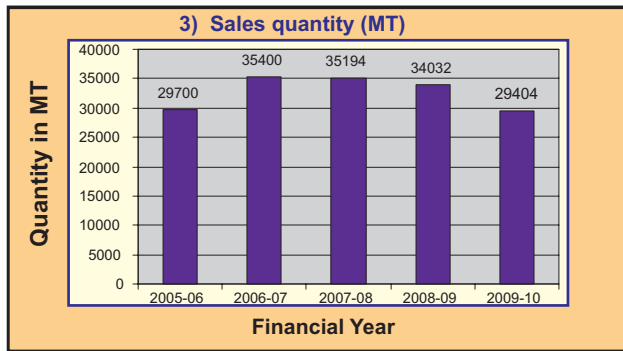
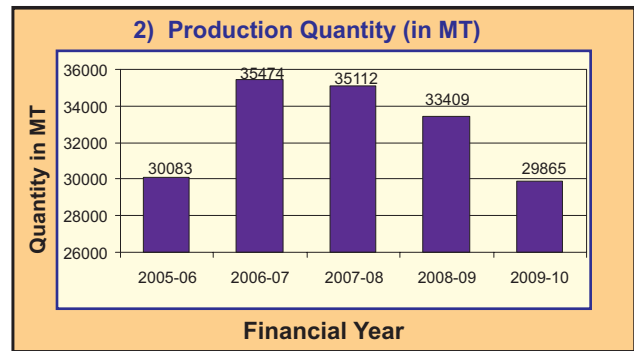
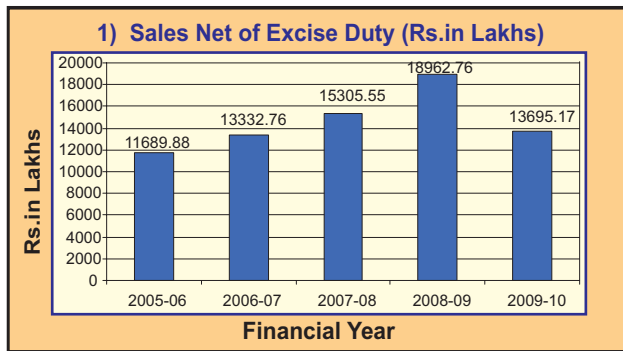
PARTICULARS	<i>Rs in Lakhs</i>	
	2009-10	2008-09
Gross Income	<b>14705.15</b>	20,117.36
Less: Excise duty	<b>1009.98</b>	1154.60
Net Income	<b>13695.17</b>	18962.76
Profit before Interest and Depreciation	<b>661.63</b>	883.93
Less: Interest	<b>63.60</b>	122.32
Profit before Depreciation	<b>598.03</b>	761.61
Depreciation for the year (Net of withdrawal from revaluation reserve)	<b>362.75</b>	383.03
Profit after Interest and Depreciation	<b>235.28</b>	378.58
Provision for tax	<b>112.43</b>	134.10
Profit for the year	<b>122.85</b>	244.48
Taxation adjustments of earlier year	<b>4.40</b>	(16.27)
Prior period adjustments	<b>0.19</b>	(1.29)
<b>TOTAL</b>	<b>127.44</b>	226.92
Balance profit for earlier years	<b>1675.55</b>	1,488.56
Profit available for appropriation	<b>1802.99</b>	1715.48
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>2.12</b>	2.17
Balance to be carried forward a sum of	<b>1763.11</b>	1,675.55
Earnings per equity share of Rs. 10/- each.	<b>19.97</b>	35.56



## DIRECTORS' REPORT (Contd..)

### PERFORMANCE HIGHLIGHTS

Your Company continued to face the onslaught of global recession during the year under review. The manufacturing activities had to be scaled down due to constraint in demand. However, there was improvement in the last quarter of the year and normalcy was restored to some extent.





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

### **PRODUCTION**

During the year under review the Company produced 29,865 tons of Grinding Media as compared to 33,409 tons in the previous year.

### **SALES & PROSPECTS**

The Company sold 29,404 tons of Grinding Media during the year under review as against 34,032 tons in the previous year. The current year looks to be promising with good inflow of export orders. However, the power restrictions imposed by the government from time to time are a big setback in growth of the company. The in-house power generation cost being almost double of BESCO supply renders it uneconomical for long term utilization.

### **DIVIDEND**

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

### **FINANCE**

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

### **SCIENTIFIC RESEARCH**

The unprecedented recession in the Industry has forced the company to look minutely into every element of cost and evolve methods to eliminate all wastages. At the same time, quality and innovation have been given utmost priority to improve its business share in the global market. The R&D section of the company continued to focus its attention in these areas, resulting in development of new chemical compositions for better wear resistance of grinding media and improved processes for cost reduction.

### **EMPLOYEE RELATIONS**

During the financial year an amicable labour settlement was reached valid up to 31st December, 2011.

### **DIRECTORS**

Messrs Sanjay Shailesh Majmudar, Bhadrash K.Shah and Vinod Narain 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 31<sup>st</sup> March 2010, 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, 2010 on a going concern basis.



## ANNEXURE-I TO DIRECTORS' REPORT

### GENERAL

- 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. Twenty Four Lakhs per annum or Rs.Two Lakhs per month—NIL
- Particulars as required under listing agreement Clause 49 is furnished as Annexure-I to this report and form a part thereof.
- Certificate from a Company Secretary under proviso to section 383A of the Companies Act is attached as Annexure II to this report.
- 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 : 20-05-2010

For and on behalf of the Board of Directors  
**VINOD NARAIN**  
Chairman

### 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 31.03.2010.

#### I. CONSERVATION OF ENERGY

Effective steps were taken to conserve energy.

##### 1. POWER AND FUEL CONSUMPTION

Electricity

	2009-10	2008-09
i) Units purchased	3,83,39,160	4,43,23,200
Total amount in Rs.	19,47,22,378	20,43,60,190
Rate / Unit (Rs.)	5.08	4.61
ii) Units generated	1,38,181	2,24,126
Unit generated /Litre of Diesel/HFO	3.18	3.10
2. CONSUMPTION PER UNIT (Metric ton) OF PRODUCTION (PRODUCT : GRINDING MEDIA)		
Electricity Units	1327	1306

Since the units generated during the year are not material in comparison with total units consumed, cost per unit is not representative / comparable and hence not given.

#### II. RESEARCH AND DEVELOPMENT

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

- Modification of heat treatment furnace for improving production and cost reduction.
- Air quenching system modification for reduction in power consumption.
- Developed product handling system for container loading in the plant.

##### 2. BENEFITS DERIVED

- Cost reduction/increase in productivity.
- Savings in power / cost.
- Improvement in productivity / Safety / cost.





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

### 3. FUTURE PLAN OF ACTION

- a) Moulding system automation.
- b) Reduction in rejection
- c) Improvement in working environment.

### III. TECHNOLOGY ABSORPTION AND INNOVATION

#### 1. EFFORTS MADE

- a) Development of new grade of grinding media for use in mining industry.
- b) Mechanization of oil removal from balls after oil quenching.

#### 2. BENEFITS

- a) New export markets developed.
- b) Increase in productivity / cost savings.

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

#### 4. EXPENDITURE ON R & D

	Rs. in Lakhs
a) Capital	NIL
b) Revenue	4.80
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 Securities of the Company is not suspended from trading in any stock exchange 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, 1<sup>st</sup> Cross,  
J C Road Bangalore - 560 027.

SCRIPT CODE NO 504988  
**The Stock Exchange-Mumbai,**  
Phiroze Jeejeebhai Towers,25<sup>th</sup> Floor,  
Dalal Street, Mumbai – 400 001.

**ISIN – INE 380G01015**  
Central Depository Services (India) Limited.  
Phiroze Jeejeebhai Towers,28<sup>th</sup> 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 2010-2011 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 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 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 four times on 25.04.2009, 29.07.2009, 30.10.2009 and 29.01.2010 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 15.07.2009 to 29.07.2009 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 29.07.2009 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 31.07.2009 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 31.03.2010.
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 31.03.2010 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 : 20-05-2010

**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, 2010.

1. Balance Sheet (Schedule VI) as at 31.03.2009 Filed U/s.220 on.09.09.2009
2. Annual Return (Schedule V) U/s.159 filed on 3.10.2009
3. Compliance Certificate u/s.220 filed on 13.8.2009
4. Form No.1 filed on 13.10.2009



## 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 2010 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.



## AUDITORS' REPORT (Contd..)

- 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.
- 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 2010 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

\* 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.



## AUDITORS' REPORT (Contd..)

- 20) The company has not raised money by public issues during the year.
- 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, 2010 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 2010, 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, 2010;
    - 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 : 20-05-2010

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

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



## BALANCE SHEET

AS AT 31ST MARCH 2010

*Rupees in Lakhs*

	Schedule Reference	As at 31st March 2010		As at 31st March 2009	
<b>I SOURCES OF FUNDS</b>					
1. Share holders' funds:					
a) Capital	A	63.84		63.84	
b) Reserves & Surplus	B	2,055.25	2,119.09	1,941.50	2,005.34
2. Loan funds:	C				
Secured Loans			656.65		704.36
<b>TOTAL</b>			<b>2,775.74</b>		<b>2,709.70</b>
<b>II APPLICATION OF FUNDS</b>					
1. Fixed Assets:					
a) Gross block	D	4,014.38		3,979.95	
b) Less: Depreciation		2,814.86		2,453.30	
c) Net block		1,199.52		1,526.65	
d) Capital work-in-progress		93.30	1,292.82	-	1,526.65
2. Investments	E		0.04		0.04
3. Deferred Tax Asset	F		63.57		75.79
4. Current Assets:	G				
a) Inventories		1,673.94		1,623.13	
b) Sundry Debtors		496.36		667.10	
c) Cash and Bank balances		51.98		106.10	
5. Loans and Advances	H	1,790.46		1,401.10	
		4,012.74		3,797.43	
Less: Current Liabilities & Provisions:	I				
a) Current Liabilities		2,471.45		2,544.12	
b) Provisions		121.98		146.09	
Net Current Assets		2,593.43	1,419.31	2,690.21	1,107.22
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	Q				
<b>TOTAL</b>			<b>2,775.74</b>		<b>2,709.70</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 : 20-05-2010

Place : Bangalore  
Date : 20-05-2010





## PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE Reference	For the year ended 31st March 2010	For the year ended 31st March 2009
<b>I INCOME</b>			
Income from operations(Gross)	J	14,705.15	20,117.36
Less:Excise duty		1,009.98	1,154.60
Net Income from operations		13,695.17	18,962.76
Other Income	K	65.17	39.71
<b>TOTAL</b>		<b>13,760.34</b>	<b>19,002.47</b>
<b>II EXPENDITURE</b>			
Cost of Production	L	12,376.62	17,533.63
Purchase of finished goods		20.20	334.47
(Increase)/Decrease in stocks	M	215.59	(391.26)
Administrative expenses	N	169.03	189.99
Selling & Distribution expenses	O	317.27	451.71
Financial Charges	P	63.60	122.32
<b>TOTAL</b>		<b>13,162.31</b>	<b>18,240.86</b>
Profit before depreciation		598.03	761.61
Depreciation on Fixed Assets	D	364.79	389.13
Less: Amount transferred from revaluation reserve		(2.04)	(6.10)
		362.75	383.03
Profit before tax		235.28	378.58
Provision for:			
a) Current tax		100.20	132.00
b) Deferred tax		12.23	(1.90)
c) Fringe Benefit Tax		-	4.00
d) Income Tax adjustment for earlier years		(4.40)	16.27
Profit after Tax		127.25	228.21
Less:Prior period adjustments		(0.19)	1.29
Net Profit		127.44	226.92
ADD: Balance brought forward		1,675.55	1,488.56
Amount available for appropriations		1,802.99	1,715.48
<b>APPROPRIATIONS:</b>			
Transfer to General reserve		25.00	25.00
Proposed Dividend		12.76	12.76
Dividend distribution tax on proposed dividend		2.12	2.17
Balance carried to Balance Sheet		1,763.11	1,675.55
		1,802.99	1,715.48
Earnings per equity share of Rs.10/- each (Basic and Diluted)		19.97	35.56
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 : 20-05-2010

Place : Bangalore  
Date : 20-05-2010



## SCHEDULE - A

SHARE CAPITAL	As at 31st March 2010		Rupees in Lakhs As at 31st March 2009	
<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>				
638,161 (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 2010		As at 31st March 2009	
<b>SHARE PREMIUM</b>				
as per last Balance Sheet	47.79		47.79	
<b>REVALUATION RESERVE</b>				
as per last Balance Sheet	14.03		20.13	
Add: Excess withdrawn in earlier Years (Refer footnote in Schedule D)	3.23		-	
Less: Withdrawal on account of depreciation	2.04	15.22	6.10	14.03
<b>GENERAL RESERVE</b>				
as per last Balance Sheet	204.13		179.13	
Add: Transferred from Profit & Loss a/c	25.00	229.13	25.00	204.13
<b>PROFIT &amp; LOSS ACCOUNT</b>				
Balance at credit	1,763.11		1,675.55	
<b>TOTAL</b>	<u>2,055.25</u>		<u>1,941.50</u>	

## SCHEDULE - C

SECURED LOANS	As at 31st March 2010		As at 31st March 2009	
<b>From Canara Bank for</b>				
(i) Cash Credit *	11.28		-	
(ii) Packing Credit*	550.00	561.28	550.15	550.15
<b>From State Bank of India</b>				
(i) Term Loan **		95.37		154.21
(Repayable within one year Rs.60 Lakhs -Previous year Rs 60 lakhs)				
<b>TOTAL</b>		<u>656.65</u>		<u>704.36</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

FIXED ASSETS		SCHEDULE - D										Rupees in Lakhs	
		As at 1.04.2009	Gross Block		As at 31.03.2010	As at 1.04.2009	For the Year	Depreciation Withdrawal	Total Upto 31.03.2010	As at 31.03.2010	Net Block As at 31.03.2009		
Land	8.89	-	-	8.89	-	-	-	-	8.89	8.89			
Buildings	575.92	19.31	-	595.23	244.01	34.44	-	278.45	316.78	331.91			
Plant & Machinery	3,213.40	12.50	-	3,225.90	2,098.20	312.35	\$3.23	2,407.32	818.58	1,115.20			
Plant & Machinery (R&D)	6.55	-	-	6.55	4.92	0.21	-	5.13	1.42	1.63			
Borewell	3.26	-	-	3.26	1.41	0.09	-	1.50	1.76	1.85			
Furniture & Fixtures	37.82	1.11	-	38.93	21.21	3.60	-	24.81	14.12	16.61			
Office Equipments	51.50	1.51	-	53.01	41.11	3.04	-	44.15	8.86	10.39			
Laboratory Equipments	40.35	-	-	40.35	6.33	9.46	-	15.79	24.56	34.02			
Vehicles	42.26	-	-	42.26	36.11	1.60	-	37.71	4.55	6.15			
<b>TOTAL</b>	3,979.95	34.43	-	4,014.38	2,453.30	364.79	3.23	2,814.86	1,199.52	1,526.65			
Capital work in progress	-	93.30	-	93.30	-	-	-	-	93.30	-			
<b>TOTAL</b>	3,979.95	127.73	-	4,107.68	2,453.30	364.79	3.23	2,814.86	1,292.82	1,526.65			
Previous year	3,522.90	639.01	181.96	3,979.95	2,110.75	389.13	46.58	2,453.30	1,526.65	-			

Note: \$. This represents excess depreciation charged on the revalued assets in the earlier years, withdrawn & adjusted to revaluation reserve.



## SCHEDULE - E

INVESTMENTS	As at 31st March 2010	Rupees in Lakhs As at 31st March 2009
1. (At cost, unquoted & Non Trade) - Permanent - In Government Securities (National Saving Certificates/IVP)	0.04	0.04
<b>TOTAL</b>	<b>0.04</b>	<b>0.04</b>

## SCHEDULE - F

DEFERRED TAX ASSETS	As at 31st March 2010	As at 31st March 2009
Arising On account of timing difference in		
- Leave encashment	8.65	7.01
- Bonus	0.50	0.50
- Depreciation	29.25	34.47
- Gratuity	25.17	33.81
<b>TOTAL</b>	<b>63.57</b>	<b>75.79</b>

## SCHEDULE - G

CURRENT ASSETS	As at 31st March 2010	As at 31st March 2009
1. Stores and Spares	351.27	301.84
2. Stock - in - trade		
a) Raw Materials	707.43	498.11
b) Stock in process	313.46	738.27
c) Foundry Returns	27.85	20.20
d) Finished Goods	266.33	57.11
e) Stock of DEBP Receivable	7.60	7.60
	<b>1,673.94</b>	<b>1,623.13</b>
3. Sundry Debtors (Unsecured and considered good)		
a) Outstanding for a period exceeding Six Months	23.19	39.46
b) Others	473.17	627.64
	<b>496.36</b>	<b>667.10</b>
4. Cash & Bank Balances		
a) Cash on hand	4.51	3.46
b) Bank Balances with scheduled banks		
i) in Current Accounts	26.86	89.11
ii) in Unpaid Dividend Accounts	2.69	2.71
iii) in Fixed Deposit	17.83	10.73
c) With Post Office in Savings Bank (Pass book deposited with Central Excise Dept)	0.09	0.09
	<b>51.98</b>	<b>106.10</b>
<b>TOTAL</b>	<b>2,222.28</b>	<b>2,396.33</b>



## SCHEDULE - H

LOANS & ADVANCES	As at 31st March 2010		Rupees in Lakhs As at 31st March 2009	
(Unsecured & considered good)				
a) Advances Recoverable in cash or in kind or for value to be received		629.23		102.69
b) Deposits				
i) Earnest Money Deposit	3.84		14.02	
ii) Others	543.07	546.91	412.99	427.01
c) Balance with Central Excise Department		458.18		759.36
d) Balance with Sales Tax Department		145.16		102.55
e) Income tax refund receivable		10.98		9.49
<b>TOTAL</b>		<b>1,790.46</b>		<b>1,401.10</b>

## SCHEDULE - I

CURRENT LIABILITIES & PROVISIONS	As at 31st March 2010		As at 31st March 2009	
A) CURRENT LIABILITIES				
Sundry Creditors:				
Total outstanding due to Micro & Small Enterprises		60.41		120.62
Total outstanding due to other Creditors		927.13		1,079.28
Other Liabilities		1,481.22		1,341.51
Unclaimed Dividend**		2.69	2,471.45	2.71
				2,544.12
B) PROVISIONS				
For Income Tax		100.20		132.00
Less: Advance Tax & TDS paid		92.59	7.61	120.94
For Fringe Benefit Tax		-		4.00
Less: Advance Tax paid		-		4.00
Leave Encashment		25.46		20.62
Group Gratuity		74.03		99.48
Proposed Dividend		12.76		12.76
Corporate Dividend Tax on above		2.12	114.37	2.17
<b>TOTAL</b>		<b>2,593.43</b>		<b>2,690.21</b>

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



## SCHEDULE - J

	For the year ended 31st March 2010	Rupees in Lakhs For the year ended 31st March 2009
<b>A) GROSS REVENUE</b>		
i) Local Sales	3,896.63	7,316.12
ii) Deemed Export Sales	10,808.52	12,801.24
Sub Total	14,705.15	20,117.36
Less:Excise Duty	1,009.98	1,154.60
<b>TOTAL</b>	<b>13,695.17</b>	<b>18,962.76</b>

## SCHEDULE - K

	For the year ended 31st March 2010	For the year ended 31st March 2009
<b>OTHER INCOME</b>		
Interest on deposit with bank and Financial institution-TDS Rs.0.19 lacs(PreviousYear Rs0.01 lacs)	0.75	0.19
Interest received from a customer (TDS Rs.nil Previous year Rs.3.97 lacs)	4.67	15.43
Interest received on security deposit with KPTCL (TDS 4.50 lacs, previous year Rs. Nil)	19.90	10.55
Profit on sale of Fixed Assets	-	1.04
Gain on Foreign Exchange Fluctuation	-	0.07
Miscellaneous income	39.85	12.43
<b>TOTAL</b>	<b>65.17</b>	<b>39.71</b>



## SCHEDULE - L

COST OF PRODUCTION	For the year ended 31st March 2010		For the year ended 31st March 2009	
<i>Rupees in Lakhs</i>				
<b>A. RAW MATERIALS CONSUMED</b>				
OPENING STOCK:				
Raw Materials	498.11		705.36	
Foundry Returns	20.19	518.30	42.40	747.76
Add : Purchases		<u>8,484.57</u>		<u>12,575.51</u>
		<b>9,002.87</b>		<b>13,323.27</b>
Deduct:				
CLOSING STOCK:				
Raw Materials	707.43		498.11	
Foundry Returns	27.85	735.28	20.20	518.31
		<u>8,267.59</u>		<u>12,804.96</u>
Alloy Castings		12.89		-
<b>B. LABOUR &amp; OTHER OVERHEADS</b>				
LABOUR:				
Wages	235.15		220.63	
Contribution to P. F. & Other Funds	14.55	249.70	13.66	234.29
PRODUCTION STAFF:				
Salaries	219.96		197.39	
Contribution to P. F. & Other Funds	9.74	229.70	9.65	207.04
Employee Welfare		38.33		53.08
OTHER OVERHEADS:				
Stores Consumed *		1,244.21		1,654.70
Power & Fuel		1,961.02		2,089.97
Repairs to - Plant & Machinery	68.84		100.89	
- Buildings	16.74	85.58	20.18	121.07
Factory Maintenance		26.82		22.78
Job charges		255.98		340.45
Scientific Research Expenditure:				
Material consumed	1.58		2.11	
Salaries	3.14		3.08	
Others	0.08	4.80	0.10	5.29
<b>TOTAL</b>		<u><u>12,376.62</u></u>		<u><u>17,533.63</u></u>

\* Stores consumption includes Rs Nil (previous year Rs. 8.65 lacs) being the net block value of Plant discarded and used internally

**SCHEDULE - M**

	<b>For the year ended 31st March 2010</b>		<i>Rupees in Lakhs</i> For the year ended 31st March 2009	
<b>(INCREASE) /DECREASE IN VALUE OF:</b>				
i) FINISHED GOODS				
Opening Stock (Net of Excise)	<b>52.37</b>		77.94	
Closing Stock (Net of Excise)	<u><b>263.79</b></u>	<b>(211.42)</b>	<u>52.37</u>	25.57
ii) WORK IN PROGRESS				
Opening Stock	<b>738.27</b>		313.96	
Closing Stock	<u><b>313.46</b></u>	<b>424.81</b>	<u>738.27</u>	(424.31)
iii) EXCISE DUTY ON FINISHED GOODS:				
Opening Stock	<b>4.75</b>		12.22	
Closing Stock	<u><b>2.55</b></u>	<u><b>2.20</b></u>	<u>4.74</u>	<u>7.48</u>
<b>TOTAL</b>		<u><b>215.59</b></u>		<u><b>(391.26)</b></u>

**SCHEDULE - N**

	<b>For the year ended 31st March 2010</b>		For the year ended 31st March 2009	
<b>ADMINISTRATIVE EXPENSES</b>				
Salaries	<b>55.42</b>			51.97
Contribution to PF & Other Funds	<b>1.29</b>			1.33
Contribution to Group Gratuity Fund	<b>9.58</b>			17.58
Rent	<b>3.51</b>			3.49
Rates & Taxes	<b>8.29</b>			4.53
Insurance	<b>10.94</b>			11.87
Office Upkeeping, Maintenance, Repairs etc.,	<b>2.35</b>			5.03
Printing & Stationery	<b>5.15</b>			7.23
Telephone & Postage	<b>6.44</b>			6.24
Travelling, Conveyance & Vehicle Maintenance	<b>14.67</b>			18.54
Sitting Fees	<b>0.90</b>			0.90
Auditors Remuneration:				
Statutory Audit Fee	<b>1.20</b>		1.20	
Tax Audit Fee	<b>0.30</b>		0.30	
KVAT Audit fee	<b>0.30</b>		0.30	
For Tax Matters	<b>0.40</b>		0.40	
Certification Fee	<b>0.50</b>	<b>2.70</b>	0.63	2.83
Legal and Professional Charges	<b>27.00</b>			32.78
Bank Charges	<b>5.73</b>			16.37
Advertisement expenses	<b>0.89</b>			1.02
Miscellaneous expenses	<b>14.17</b>			8.27
<b>TOTAL</b>		<u><b>169.03</b></u>		<u><b>189.99</b></u>





## SCHEDULE - O

*Rupees in Lakhs*

<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	<b>For the year ended 31st March 2010</b>	<b>For the year ended 31st March 2009</b>
Bad debts written off	15.87	3.41
Packing materials	289.20	379.04
Selling Expenses	3.99	6.69
Freight Outward	8.21	62.57
<b>TOTAL</b>	<b>317.27</b>	<b>451.71</b>

## SCHEDULE - P

<b>FINANCIAL CHARGES</b>	<b>For the year ended 31st March 2010</b>	<b>For the year ended 31st March 2009</b>
Interest on Cash Credit / Packing Credit	48.58	88.06
Interest on term loans	15.02	23.55
Interest- others	-	10.71
<b>TOTAL</b>	<b>63.60</b>	<b>122.32</b>



## SCHEDULE - Q

### Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2010.

#### 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	
	31.3.2010	31.3.2009
1. Contingent liability to the extent not provided for In respect of Disputed customs duty	556.37	556.37
Disputed Income Tax	3.82	6.04
Claims against the company not acknowledged as debt	7.60	7.60
2. Estimated amount of contracts remaining to be executed on account of capital expenditure to the extent not provided for	Nil	150.48
3. Expenditure in foreign currency:		
Travelling expenses	Nil	0.54
4. The value of import on CIF basis:		
Raw materials	Nil	Nil
Plant & Machinery	Nil	Nil
5. 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	2008-2009	2007-2008

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

**SCHEDULE - Q (Contd..)**

6. a. The method of determination of cost for the purpose of valuation of raw materials and stores and spares has been changed during the year from First – In – First Out method hitherto followed to weighted average cost method. Consequent to this change, the closing stock value of Raw materials and profit for the year is increase by Rs.3.67 lakhs. The consequential impact due to this change with regard to stores and spares is not ascertainable, however such impact on the profit for the year would not be material in the opinion of the management.
- b. The basis of valuation of stores and spares has been changed from cost hither to followed to cost or net realizable value whichever is lower. However impact due to this change is nil, since these materials are not written down below cost in view of finished products in which these are inputs used in or in relation to the manufacture of final products which is realizable above cost.
7. 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.
8. The company has not entered into any non cancelable lease arrangement.

9. Related party disclosures:

*Rupees in Lakhs*

Parties where control exists:

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

Transactions with related parties	Current Year		Previous Year	
	Holding Company	Directors	Holding Company	Directors
Purchases of Goods/Services	182.99	NIL	447.76	NIL
Other expenses	NIL	NIL	1.33	NIL
Sales of Goods	10 832.56	NIL	16,873.35	NIL
Purchases of fixed assets	79.54	NIL	164.76	NIL
Sales of fixed assets	NIL	NIL	8.21	NIL
Professional charges paid to Pradip .R. Shah	NIL	1.80	NIL	1.80
Interest paid	NIL	NIL	10.71	NIL
Due to holding company as at last date of the financial year against supply / advances for supplies	1,288.03	NIL	1,291.61	NIL
Loans repaid	NIL	NIL	190.00	NIL

10. 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	Previous Year
127.44	226.92
6,38,161	6,38,161
10/-	10/-
19.97	35.56



## SCHEDULE - Q (Contd..)

Rupees in Lakhs

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

Particulars	31-03-2010	31-03-2009
i) Principal amount remaining unpaid at the end of the year	60.41	120.62
ii) Interest accrued at the end of the year	2.70	0.71
Interest remaining unpaid, out of above, as at the end of the year	2.70	0.71
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	1.45

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

12. Prior period expenditure:

Nature of Expenses	31-03-2010	31-03-2009
Purchase of Stores & spares	Nil	0.05
Repairs to Plant & Machinery	Nil	1.24
<b>TOTAL</b>	<b>Nil</b>	<b>1.29</b>



## SCHEDULE - Q (Contd..)

Rupees in Lakhs

13. 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  
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 31-03-2010		For the year ended 31-03-2009	
		Current Year	Previous Year	Current Year	Previous Year
		21.48		20.95	
		4.10		3.68	
		Gratuity -Funded		Leave encashment unfunded	
		7.75%	7.25%		
		8.00%	9.15%		
		6%	6%		
		166.57	163.57	20.63	19.53
		12.91	11.86	1.60	1.37
		9.26	10.91	5.57	5.49
		(31.69)	1.05	0.27	(0.82)
		(4.32)	(20.81)	(2.61)	(4.94)
		-	-	-	-
		-	-	-	-
		152.72	166.58	25.46	20.63
		67.09	71.37	-	-
		5.58	6.22	-	-
		0.77	0.02	-	-
		9.58	10.30	2.61	4.94
		(4.32)	(20.81)	(2.61)	(4.94)
		-	-	-	-
		78.69	67.10	-	-
		-	-	-	-
		152.72	166.58	25.46	20.63
		78.69	67.10	-	-
		-	-	-	-
		74.03	99.49	25.46	20.63
		-	-	-	-
		9.26	10.91	5.57	5.49
		12.91	11.86	1.60	1.37
		(5.58)	(6.22)	-	-
		(32.46)	1.03	0.27	(0.82)
		-	-	-	-
		-	-	-	-
		-	-	-	-
		(15.87)	17.58	7.44	6.04
		5.58	6.22	-	-

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



## SCHEDULE - Q (Contd..)

14. 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 2010		As at 31st March 2009	
	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) Description of the product	42,000		42,000	
ALLOY STEEL CAST GRINDING MEDIA				
<b>Opening Stock of Finished goods</b>	99	57.11	189	90.16
<b>Production</b>				
Own Production - Grinding Media	29,865		33,409	
Purchase of Finished Goods	40	22.21	533	334.00
<b>Turnover</b>	29,404	13,695.17	34,032.00	18,962.76
<b>Closing Stock of Finished goods</b>	600	266.33	99	57.11
<b>Raw Materials &amp; Stores Consumed</b>				
a) Raw Materials Consumed				
<b>Indigenous</b>				
Melting Steel Scrap	23,796	4,237.03	27,659	6,419.72
Alloy	8,093	4,038.21	9,340	6,363.05
Alloy Castings	32	10.88	Nil	Nil
<b>Imported</b>				
Melting Steel Scrap	Nil	Nil	Nil	Nil
Alloy	Nil	Nil	Nil	Nil
<b>Percentage-wise in terms of value</b>				
<b>Indigenous</b>				
Melting Steel Scrap		100%		100%
Alloys		100%		100%
<b>Percentage-wise in terms of value</b>				
<b>Imported</b>				
Melting Steel Scrap		0%		0%
Alloys		0%		0%
b) Stores & Spares Consumed				
<b>Indigenous</b>				
Value		1,313.05		1,755.60
Percentage		100%		100%
<b>Imported</b>				
Value		Nil		Nil
Percentage		0%		0%

15. Figures for the previous year have been re-grouped and rearranged wherever necessary.  
16. Schedules A to Q form an integral part of the accounts and have duly been authenticated.  
17. 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 0

#### 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 7 7 5 7 4

Total Assets

2 7 7 5 7 4

#### SOURCES OF FUNDS

Paid-up Capital

6 3 8 4

Reserves & Surplus

2 0 5 5 2 5

Secured Loans

6 5 6 6 5

Unsecured Loans

N I L

Deferred Tax Liability

N I L

#### APPLICATION OF FUNDS

Net Fixed Assets

1 2 9 2 8 2

Investments

4

Net Current Assets

1 4 1 9 3 1

Misc. Expenditure

N I L

Deferred Tax Assets

6 3 5 7

Accumulated Losses

N I L





## SCHEDULE - Q (Contd..)

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

Turnover	Total Expenditure
1 3 7 6 0 3 4	1 3 5 2 5 0 8
Profit before tax	Profit after tax
2 3 5 2 6	1 2 7 4 4
Earning per share in Rs.	Dividend Rate
1 9 . 9 7	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 : 20-05-2010

Place : Bangalore  
Date : 20-05-2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010***Rupees in Lakhs*

	2009-2010	2008-2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX AS PER PROFIT &amp; LOSS A/C</b>	<b>235.28</b>	378.58
Adjusted for		
Extraordinary items:	-	-
Net Profit before tax & extraordinary items	<b>235.28</b>	378.58
Adjustments for :		
Profit on sale of Fixed assets	-	(1.04)
Assets written off	-	8.65
Prior Year's expenditure	<b>0.19</b>	(1.29)
Depreciation (net)	<b>362.75</b>	383.03
Interest	<b>63.60</b>	122.32
Operating Profit before working capital changes	<b>661.82</b>	890.25
Adjustments for :		
Trade & Other Receivable	<b>(217.12)</b>	158.23
Inventories	<b>(50.82)</b>	(249.64)
Trade Payable	<b>(93.28)</b>	696.52
Cash generated from operations	<b>300.60</b>	1,495.36
Direct Taxes paid	<b>(100.75)</b>	(132.82)
Cash flow before extraordinary items	<b>199.85</b>	1,362.54
Extraordinary items	-	-
<b>SUB TOTAL</b>	<b>199.85</b>	1,362.54
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(127.73)</b>	(517.73)
Sale of Fixed assets	-	6.50
Sale of Investments	<b>0.00</b>	0.01
<b>SUB TOTAL</b>	<b>(127.73)</b>	(511.22)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment)/ Proceeds of long term borrowings	<b>(47.70)</b>	(625.35)
Interest Paid	<b>(63.60)</b>	(122.32)
Dividend Paid	<b>(14.93)</b>	(14.93)
<b>SUB TOTAL</b>	<b>(126.23)</b>	(762.60)
Net (Decrease) / Increase in cash & cash equivalents (A+B+C)	<b>(54.11)</b>	88.73
Cash & Cash equivalent at the beginning of the year	<b>106.10</b>	17.38
Cash & Cash equivalent at the closure of the year	<b>51.99</b>	106.10

For and on behalf of the Board

**D.P.DHANUKA**  
**R.P.AGARWAL**  
**BHADRESH K. SHAH**  
**PRADIP R. SHAH**  
Directors  
Place : Bangalore  
Date : 20-05-2010

**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 : 20-05-2010

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

**P. MANOHARA GUPTA**  
Partner  
M.NO.16444  
Place : Bangalore  
Date : 20-05-2010

# 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-EIGHTH ANNUAL GENERAL MEETING** of the Company held at **The Lalit Ashok**, Kumara Krupa High Grounds, Bangalore- 560 001 at 15.00 hrs on Monday the 26<sup>th</sup> day of July 2010.

.....

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-EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on Monday the 26<sup>th</sup> day of July 2010 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 ..... 2010.

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.

**38<sup>th</sup>**  
**ANNUAL  
REPORT  
2009-2010**



**Welcast Steels Limited**



**Welcast Steels Limited**