



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



37TH ANNUAL GENERAL MEETING

Date	29th July 2009
Day	Wednesday
Time	3.00 P.M.
Place	The Taj West End, No 23, Race Course Road, Bangalore- 560 001
Book Closure (Dates)	15th to 29th July 2009 (Both days inclusive)



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NOTICE

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of Welcast Steels Limited, will be held at The Taj West End, No 23, Race Course Road, Bangalore- 560 001 at 15.00 hrs on Wednesday the 29th day of July 2009 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 31st March 2009 together with the report of the Auditors thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. D.P.Dhanuka, who retires by rotation and who, being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Pradip R.Shah, who retires by rotation and who, being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Rajendra S.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 : 25/04/2009

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 a proxy need not be a member.
2. The register of members and the share transfer books of the company will remain closed from 15th July 2009 to 29th July 2009 (both days inclusive).
3. The dividend, when declared will be paid on or before 27th August 2009 to those members whose names appear in the register of members as on 29th July 2009.



DIRECTORS' REPORT

Your Directors present the Thirty-Seventh Annual Report together with Audited Accounts of the Company for the year ended 31st March 2009

FINANCIAL RESULTS

PARTICULARS	<i>Rs in Lakhs</i>	
	2008 09	2007-08
Gross Income	20,117.36	16,857.80
Less: Excise duty	1154.60	1,552.25
Net Income	18,962.76	15,305.55
Profit before Interest and Depreciation.	883.93	766.59
Interest	122.32	128.90
Profit before Depreciation	761.61	637.69
Depreciation for the year. (Net of withdrawal from revaluation reserve)	383.03	307.16
Profit after Interest and Depreciation	378.58	330.53
Provision for tax	134.10	123.26
Profit for the year	244.48	207.27
Taxation adjustments of earlier year	(16.27)	2.43
Prior period adjustments	(1.29)	(1.49)
Total	226.92	208.21
Balance profit for earlier years	1,488.56	1,315.28
Profit available for appropriation	1,715.48	1,523.49
Transfer to General Reserve	25.00	20.00
Dividend on equity shares	12.76	12.76
Tax on proposed dividend	2.17	2.17
Balance to be carried forward a sum of	1,675.55	1,488.56
Earnings per equity share of Rs. 10/- each	Rs.35.56	Rs.32.63

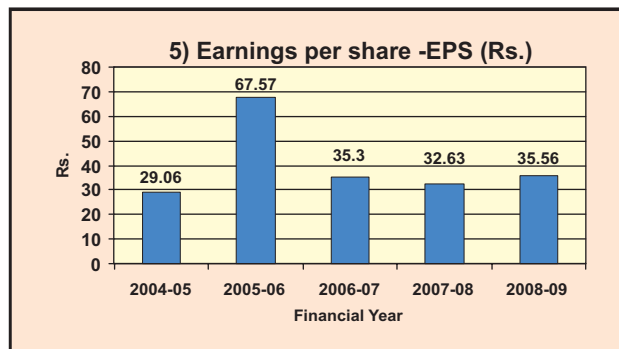
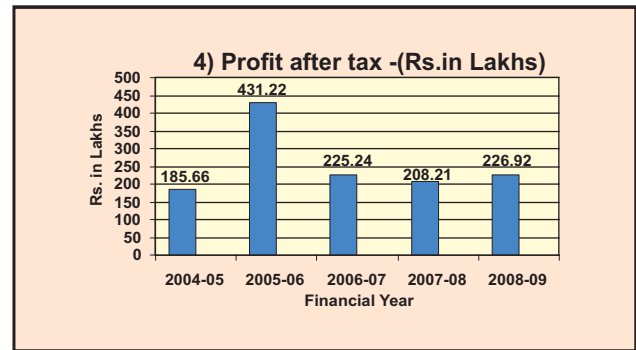
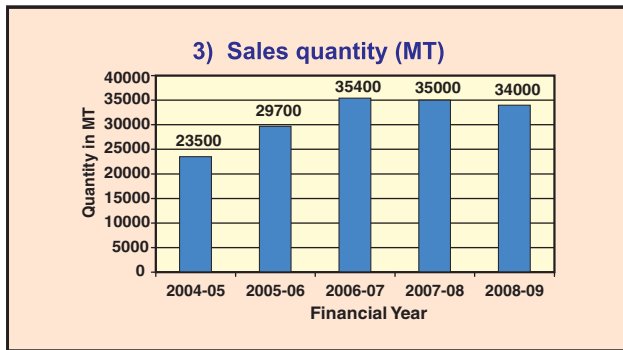
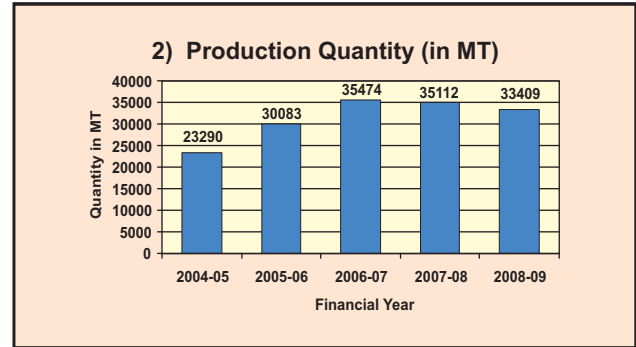
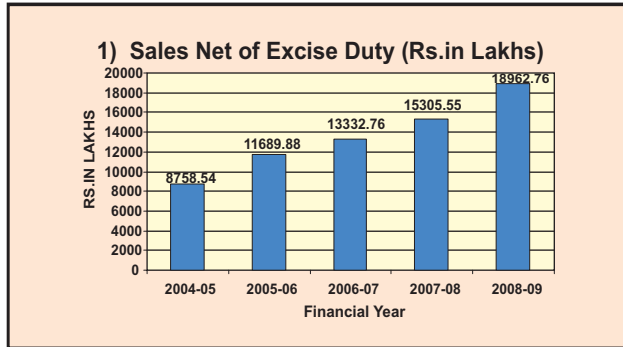
PERFORMANCE HIGHLIGHTS

The global recession had an impact on the performance of your Company also. The demand for exports melted down and the Company had to curtail production to avoid build up of inventory. However, the sales revenue during the year was higher due to general inflation in the country, which in turn had pushed the raw material prices up and consequently the Company also raised its prices. With prudent measures adopted to control costs, the profitability has been maintained at satisfactory level.



DIRECTORS' REPORT (Contd..)

Comparative performance charts for production, sales, profit and EPS are given herewith.





DIRECTORS' REPORT (Contd..)

1. PRODUCTION

During the year under review the Company produced 33,409 tons of Grinding Media as compared to 35,112 tons in the previous year.

2. SALES & PROSPECTS

The Company sold 34,032 tons of Grinding Media during the year under review as against 35,194 tons in the previous year. However the sale revenue was higher at Rs.18,963 Lakhs as against Rs.15,306 Lakhs in the previous year. Your Company has started exploring new markets for its products to overcome the impact of recession and is confident of maintaining sales at satisfactory level.

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 Company's R & D Section continues to do commendable job in developing products of International Standards. The products developed for specific applications in Mining Industry for different types of ores have been well received abroad.

6. EMPLOYEE RELATIONS

The relationship with the employees remained cordial. The previous labour agreement has ended on 31st December, 2008 and the new agreement is under negotiation. The Company is confident of reaching an amicable settlement.

DIRECTORS

Messrs D.P.Dhanuka, Pradip R Shah and Rajendra S 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 2009, 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, 2009 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 : 25/04/2009

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 31.03.2009.

I. CONSERVATION OF ENERGY

Effective steps were taken to conserve energy. However, due to change in product mix requiring higher power consumption, consumption/Ton has gone up in this year marginally.

1. POWER AND FUEL CONSUMPTION

Electricity

	2008-09	2007-08
i) Units Purchased	4,43,23,200	3,12,23,880
Total amount in Rs.	20,43,60,190	15,07,72,254
Rate /Unit (Rs.)	4.61	4.83
ii) Units generated	2,24,126	1,37,95,042
Unit generated /Litre of diesel/HFO	3.10	3.48
Cost/Unit (Rs.)	**	6.57

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

	2008-09	2007-08
Electricity Units	1306	1279

** Since the units generated during the year is not material in comparison with total units consumed, Cost per unit is not comparable to previous year figures and hence not given.

II. RESEARCH AND DEVELOPMENT

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

- Pattern design for bigger size of grinding media for new business development.
- Improvement in overall finish of grinding media.
- Control of dust emission during transportation of used sand in the plant.

2. BENEFITS DERIVED

- New areas of business developed
- Customer satisfaction / Increase in business volume.
- Improvement in working conditions and environment.



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

3. FUTURE PLAN OF ACTION

- a) Automation and cost reduction
- b) Rejection control
- c) Development of product handling system for loading containers in the plant.

III. TECHNOLOGY ABSORPTION AND INNOVATION

1. EFFORTS MADE

- a) Introduction of dual shakeout technology for knock out.
- b) Use of alternate fuels for heat treatment.

2. BENEFITS

- a) Saving in wastage of sand
- b) Reduction in cost

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

4. EXPENDITURE ON R & D

	Rs. in Lakhs
a) Capital	NIL
b) Revenue	5.29
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

Traveling expenses 0.54

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, 1st Cross,
J C Road Bangalore - 560 027.

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

ISIN INE 380G01015
Central Depository Services (India) Limited.
Phiroze Jeejeebhai 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 2009-2010 to all the Stock exchanges wherever its securities are listed.



ANNEXURE-II TO DIRECTORS' REPORT

SECRETIAL 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 31st March 2009. 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 27.05.2008, 25.07.2008, 17.10.2008 and 12.01.2009 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 6.09.2008 to 19.09.2008 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 19.09.2008 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 extra ordinary 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 22.09.2008 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.



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

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.
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 31.03.2009.
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 31.03.2009 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 : 25/04/2009

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



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

ANNEXURE : 'A'

Registers as maintained by 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, 2009.

1. Balance Sheet (Schedule VI) as at 31.03.2008 Filed U/s.220 on.20.10.2008
2. Annual Return (Schedule V) U/s.159 filed on 14.11.2008
3. Compliance Certificate U/s.220 filed on 11.10.2008
4. Form No.1 filed on 22.09.2008



AUDITORS' REPORT

To,

**The Members of
WELCAST STEELS LIMITED**

We have audited the attached Balance Sheet of **WELCAST STEELS LTD.**, as at 31st March 2009 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 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 borrowed loans from one party covered in the register maintained u/s 301 of the companies Act, 1956. The maximum amount involved during the year was Rs 190 lakhs and the year end balance of loans taken from such party was Rs NIL.
- c) As explained to us, the rate of interest and other terms and conditions on which the loans borrowed are not prima facie prejudicial to the interests of the company.
- d) As explained to us, the company is regular in repayment of principal and in payment of interest on the above loan.
- 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.



AUDITORS' REPORT (Contd..)

- 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.
- 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 31st March 2009 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 and penalty	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.



AUDITORS' REPORT (Contd..)

- 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.
 - 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 31st March, 2009 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 31st March 2009, 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 31st March, 2009;
 - 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 : 25/04/2009

For DAGLIYA & CO.
Chartered Accountants
(P.MANOHARA GUPTA)
Partner
Membership No: 16444



BALANCE SHEET

AS AT 31ST MARCH 2009

Rupees in Lakhs

	Schedule Reference	As at 31st March 2009		As at 31st March 2008	
		Rs	Rs	Rs	Rs
I SOURCES OF FUNDS					
1. Share holders' funds					
a) Capital	A	63.84		63.84	
b) Reserves & Surplus	B	1,941.50	2,005.34	1,735.61	1,799.45
2. Loan funds:	C				
Secured Loans		704.36		1,139.70	
Un secured Loans		-	704.36	190.00	1,329.70
TOTAL			2,709.70		3,129.15
II APPLICATION OF FUNDS					
1. Fixed Assets:					
a) Gross block	D	3,979.95		3,401.62	
b) Less: Depreciation		2,453.30		2,110.75	
c) Net block		1,526.65		1,290.87	
d) Capital work-in-progress		-	1,526.65	121.28	1,412.15
2. Investments	E		0.04		0.05
3. Deferred Tax Asset	F		75.79		73.89
4. Current Assets	G				
a) Inventories		1,623.13		1,373.49	
b) Sundry Debtors		667.10		649.81	
c) Cash and Bank balances		106.10		17.38	
5. Loans and advances	H	1,401.10		1,615.24	
			3,797.43	3,655.92	
Less: Current Liabilities & Provisions:	I				
a) Current Liabilities		2,544.12		1,855.98	
b) Provisions		146.09		156.88	
		2,690.21		2,012.86	
Net Current Assets			1,107.22		1,643.06
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	Q				
Total			2,709.70		3,129.15

For and on behalf of the Board

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

Place : Bangalore
Date : 25/04/2009

VINOD NARAIN
Chairman

As per our Report attached for **DAGLIYA & CO.**
Chartered Accountants

P.MANOHARA GUPTA
Partner
M.NO.16444
Place : Bangalore
Date : 25/04/2009



PROFIT AND LOSS ACCOUNT

Rupees in Lakhs

FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE Reference	For the year ended 31st March 2009 Rs.	For the year ended 31st March 2008 Rs.
I INCOME			
Income from operations(Gross)	J	20,117.36	16,857.80
Less:Excise duty		1,154.60	1,552.25
Net Income from operations		18,962.76	15,305.55
Other Income	K	39.71	36.59
TOTAL		19,002.47	15,342.14
II EXPENDITURE			
Cost of Production	L	17,527.35	14,136.70
Purchase of finished goods		334.47	-
(Increase)/Decrease in stocks	M	(391.26)	(62.23)
Administrative expenses	N	196.27	184.17
Selling & Distribution expenses	O	451.71	316.91
Financial Charges	P	122.32	128.90
TOTAL		18,240.86	14,704.45
Profit before depreciation		761.61	637.69
Depreciation on Fixed Assets	D	389.13	312.50
Less:Amount transferred from revaluation reserve		(6.10)	(5.34)
Profit before tax		383.03	307.16
Provision for:		378.58	330.53
a) Current tax		132.00	141.00
b) Deferred tax		(1.90)	(21.74)
c) Fringe Benefit Tax		4.00	4.00
d)Income Tax adjustment for earlier years		16.27	(2.43)
Profit after tax		228.21	209.70
Less:Prior period adjustments		1.29	1.49
Net Profit		226.92	208.21
ADD: Balance brought forward		1,488.56	1,315.28
Amount available for appropriations		1,715.48	1,523.49
APPROPRIATIONS:			
Transfer to General reserve		25.00	20.00
Proposed Dividend		12.76	12.76
Dividend distribution tax on proposed dividend		2.17	2.17
Balance carried to Balance Sheet		1,675.55	1,488.56
		1,715.48	1,523.49
Earnings per equity share of Rs.10/= each (Basic and Diluted)		Rs.35.56	Rs.32.63
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

P.MANOHARA GUPTA
Partner

M.NO.16444

Place : Bangalore
Date : 25/04/2009

Place : Bangalore
Date : 25/04/2009



SCHEDULE - A

	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
Share Capital				
AUTHORISED				
20,00,000 Equity Shares of Rs. 10/- each		200.00		200.00
		<u>200.00</u>		<u>200.00</u>
ISSUED, SUBSCRIBED & PAID UP				
638,161 (Previous year-6,38,161) Equity Shares of Rs.10/- each		63.82		63.82
FORFEITED SHARES		0.02		0.02
425 (Previous year 425) Equity shares originally paid up at Rs 5/- Share				
TOTAL		<u>63.84</u>		<u>63.84</u>

Rupees in Lakhs

(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

	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
RESERVES & SURPLUS				
SHARE PREMIUM				
as per last Balance Sheet		47.79		47.79
REVALUATION RESERVE				
as per last Balance Sheet	20.13		25.47	
Less: Withdrawal on account of depreciation	6.10	14.03	5.34	20.13
GENERAL RESERVE				
as per last Balance Sheet	179.13		212.93	
Less: Withdrawal for shortfall on transitional liability on Gratuity as per AS-15 (Revised) Net of deferred tax	-		53.80	
Add: Transferred from Profit & Loss a/c	25.00	204.13	20.00	179.13
PROFIT & LOSS ACCOUNT				
Balance at credit		1,675.55		1,488.56
TOTAL		<u>1,941.50</u>		<u>1,735.61</u>

SCHEDULE - C

	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
SECURED LOANS				
From Canara Bank for				
(i) Cash Credit *	-		225.61	
(ii) Packing Credit*	550.15	550.15	700.00	925.61
From State Bank of India				
(i) Term loan ** (Repayable within one year Rs.60 Lakhs -Previous year Rs. 60 lakhs)		154.21		214.09
		<u>704.36</u>		<u>1,139.70</u>
2) UN SECURED LOANS:				
From Others (ICD from Holding Company)		-		190.00
TOTAL		-		190.00

* 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	
	Gross Block					Depreciation					Net Block	
	As at 1.04.2008 Rs.	Additions during the period Rs.	Deletions during the period Rs.	As at 31.03.2009 Rs.	Upto 31.03.2008 Rs.	For the Year Rs.	Withdrawal Rs.	Total Upto 31.03.2009 Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.		
PARTICULARS												
Land	8.89	-	-	8.89	-	-	-	-	8.89	8.89	8.89	8.89
Buildings	517.17	58.75	-	575.92	212.14	31.87	-	244.01	331.91	305.03	305.03	305.03
Plant & Machinery	2,733.30	540.78	60.68	3,213.40	1,799.84	344.95	46.58	2,098.20	1,115.20	933.46	933.46	933.46
Plant & Machinery (R &D)	6.55	-	-	6.55	4.67	0.25	-	4.92	1.63	1.89	1.89	1.89
Borewell	3.26	-	-	3.26	1.31	0.10	-	1.41	1.85	1.95	1.95	1.95
Furniture & Fixtures	34.58	3.24	-	37.82	17.30	3.91	-	21.21	16.61	17.28	17.28	17.28
Office Equipments	47.77	3.73	-	51.50	37.64	3.47	-	41.11	10.39	10.14	10.14	10.14
Laboratory Equipments	7.84	32.51	-	40.35	3.91	2.42	-	6.33	34.02	3.93	3.93	3.93
Vehicles	42.26	-	-	42.26	33.95	2.16	-	36.11	6.15	8.31	8.31	8.31
Total	3,401.62	639.01	60.68	3,979.95	2,110.76	389.13	46.58	2,453.30	1,526.65	1,290.87	1,290.87	1,290.87
Capital work in progress	121.28	-	121.28	-	-	-	-	-	-	121.28	121.28	121.28
Total	3,522.90	639.01	181.96	3,979.95	2,110.76	389.13	46.58	2,453.30	1,526.65	1,412.15	1,412.15	1,412.15
Previous year	3,085.57	532.69	95.36	3,522.90	1,798.25	312.50	-	2,110.75	1,412.15	-	1,412.15	-



SCHEDULE - E

INVESTMENTS	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
(At cost, unquoted & Non Trade) - Permanent - In Government Securities (National Saving Certificates/IVP)		0.04		0.05
TOTAL		0.04		0.05

Rupees in Lakhs

SCHEDULE - F

DEFERRED TAX ASSETS	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
Arising On account of timing difference in				
- Leave encashment		7.01		6.64
- Bonus		0.50		0.34
- Share issue expenses		-		0.06
- Depreciation		34.47		35.51
- Gratuity		33.81		31.34
TOTAL		75.79		73.89

SCHEDULE - G

CURRENT ASSETS	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
1. Stores and Spares		301.84		214.00
2. Stock - in - trade				
a) Raw Materials		498.11		705.36
b) Stock in process		738.27		313.96
c) Foundry Returns		20.20		42.41
d) Finished Goods		57.11		90.16
e) Stock of DEBP Receivable		7.60	7.60	1,373.49
3. Sundry Debtors (Unsecured and considered good)				
a) Outstanding for a period exceeding Six Months		39.46		8.92
b) Others		627.64	640.89	649.81
4. Cash & Bank Balances				
a) Cash on hand		3.46		0.82
b) Bank Balances with scheduled banks				
i) in current Accounts		89.11		7.16
ii) in Unpaid Dividend Accounts		2.71		2.60
iii) in fixed deposit		10.73		6.71
c) With Post Office in Savings Bank (Pass book deposited with Central Excise Dept)		0.09	0.09	17.38
TOTAL		2,396.33		2,040.68



SCHEDULE - H

LOANS & ADVANCES	As at		Rupees in Lakhs	
	31st March 2009 Rs.	Rs.	As at 31st March 2008 Rs.	Rs.
(Unsecured & considered good)				
a) Advances Recoverable in cash or in kind or for value to be received		102.69		892.97
b) Deposits				
i) Earnest Money Deposit	14.02		23.45	
ii) Others	412.99	427.01	393.49	416.94
c) Balance with Central Excise Department		759.36		200.41
d) Balance with Sales Tax Department		102.55		56.82
e) Income tax refund receivable		9.49		48.10
TOTAL		1,401.10		1,615.24

SCHEDULE - I

CURRENT LIABILITIES & PROVISIONS	As at		As at	
	31st March 2009 Rs.	Rs.	31st March 2008 Rs.	Rs.
A) CURRENT LIABILITIES				
Sundry Creditors:				
- Total outstanding due to Micro & Small Enterprises		120.62		38.11
- Total outstanding due to other Creditors		1,079.28		1,108.50
Other Liabilities		1,341.51		706.77
Unclaimed Dividend**		2.71	2.60	1,855.98
B) PROVISIONS FOR				
Tax				
Income Tax		132.00		141.00
Less: Advance Tax & TDS paid		120.94	110.78	30.22
Fringe Benefit Tax		4.00		4.00
Less: Advance Tax paid		4.00	4.00	-
Leave encashment		20.62		19.53
Group Gratuity		99.48		92.20
Proposed Dividend		12.76		12.76
Corporate Dividend Tax on above		2.17	2.17	126.66
TOTAL		2,690.21		2,012.86

** 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 2009		Rupees in Lakhs For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
GROSS REVENUE				
i) Local Sales		7,316.12		10,010.10
ii) Deemed Export Sales		12,801.24		6,847.70
Sub Total		20,117.36		16,857.80
Less : Excise Duty		1,154.60		1,552.25
TOTAL		18,962.76		15,305.55

SCHEDULE - K

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
OTHER INCOME				
Interest on deposit with bank and Financial institution-TDS Rs.0.01 lacs(PreviousYear Rs.0.47 lacs)		0.19		2.20
Interest received from a customer (TDS Rs.3.97 lacs, Previous year Rs.3.87 lacs)		15.43		17.10
Interest received on security deposit with KPTCL		10.55		7.56
Profit on sale of Fixed Assets		1.04		-
Gain on Foreign Exchange Fluctuation		0.07		-
Miscellaneous income		12.43		9.73
TOTAL		39.71		36.59



SCHEDULE - L

COST OF PRODUCTION	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
A. RAW MATERIALS CONSUMED				
OPENING STOCK:				
Raw Materials	705.36		573.74	
Foundry Returns	42.40		70.65	
Stock in transit	-	747.76	1.70	646.09
Add : Purchases		<u>12,575.51</u>		<u>9,435.62</u>
		13,323.27		10,081.71
Deduct:				
CLOSING STOCK:				
Raw Materials	498.11		705.36	
Foundry Returns	20.20	518.31	42.40	747.76
		<u>12,804.96</u>		<u>9,333.95</u>
B LABOUR & OTHER OVERHEADS				
LABOUR:				
Wages	220.63		212.84	
Contribution to P.F. & Other Funds	13.66		12.95	
Labour Welfare	31.13	265.42	31.86	257.65
PRODUCTION STAFF:				
Salaries	197.39		189.21	
Contribution to P.F. & Other Funds	9.65		9.60	
Staff Welfare	15.66	222.70	14.64	213.45
OTHER OVERHEADS:				
Stores Consumed *		1,292.02		1,096.66
Power & Fuel		2,089.97		2,439.56
Repairs to - Plant & Machinery	463.58		415.62	
- Buildings	20.18	483.76	12.58	428.20
Factory Maintenance		22.78		18.22
Job charges		340.45		344.55
Scientific Reserch Expenditure:				
Material consumed	2.11		1.70	
Salaries	3.08		2.66	
Others	0.10	5.29	0.10	4.46
TOTAL		<u>17,527.35</u>		<u>14,136.70</u>

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



SCHEDULE - M

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
<i>Rupees in Lakhs</i>				
(INCREASE) /DECREASE IN VALUE OF:				
I) FINISHED GOODS				
Opening Stock (Net of Excise)	77.94		95.03	
Closing Stock (Net of Excise)	<u>52.37</u>	25.57	<u>77.94</u>	17.09
ii) WORK IN PROGRESS				
Opening Stock	313.96		229.30	
Closing Stock	<u>738.27</u>	(424.31)	<u>313.96</u>	(84.66)
iii) EXCISE DUTY ON FINISHED GOODS:				
Opening Stock	12.22		17.56	
Closing Stock	<u>4.74</u>	7.48	<u>12.22</u>	5.34
TOTAL		<u><u>(391.26)</u></u>		<u><u>(62.23)</u></u>

SCHEDULE - N

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
ADMINISTRATIVE EXPENSES				
Salaries		51.97		45.75
Contribution to PF & Other Funds		1.33		1.34
Staff Welfare		6.29		5.93
Contribution to Group Gratuity Fund		17.58		23.23
Rent		3.49		3.39
Rates & Taxes		4.53		6.71
Insurance		11.87		6.54
Office Upkeeping, Maintenance, Repairs etc.,		5.03		3.56
Printing & Stationery		7.23		10.09
Telephone & Postage		6.24		6.44
Travelling, Conveyance & Vehicle Maintenance		18.54		14.54
Sitting Fees		0.90		1.05
Auditors Remuneration:				
Statutory Audit Fee	1.20		1.20	
Tax Audit Fee	0.30		0.30	
KVAT Audit fee	0.30		0.50	
For Tax Matters	0.40		0.40	
Certification Fee	0.63	2.83	0.60	3.00
Legal and Professional Charges		32.78		25.20
Bank Charges		16.37		17.93
Foreign Exchange Fluctuation		-		0.03
Advertisement expenses		1.02		1.20
Miscellaneous expenses		<u>8.27</u>		<u>8.24</u>
TOTAL		<u><u>196.27</u></u>		<u><u>184.17</u></u>



SCHEDULE - O

Rupees in Lakhs

SELLING & DISTRIBUTION EXPENSES	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
Bad debts written off		3.41		-
Packing materials		379.04		273.95
Selling Expenses		6.69		6.83
Freight Outward		62.57		36.13
TOTAL		451.71		316.91

SCHEDULE - P

FINANCIAL CHARGES	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
Interest on Cash Credit / Packing Credit		88.06		84.60
Interest on Bills		-		3.79
Interest on term loans		23.55		30.80
Interest- others		10.71		9.71
TOTAL		122.32		128.90



SCHEDULE - Q

Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2009.

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.

IV. INVENTORY

- a) Stores and Spares are valued at cost by adopting First-In-First-Out method, after providing for loss, if any, due to obsolescence and damages
- b) 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 inclusive of excise duty.
- c) Raw Materials are valued at cost or net realizable value whichever is lower, cost being determined on First-In-First-Out method. However raw materials held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- d) Excess/shortage, if any, arising on physical verification are absorbed in the respective consumption accounts.

V. 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.

VI. EMPLOYEE BENEFITS :

- a) Defined Contribution plans:

The company has 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..)

VII 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.

VIII 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.

IX 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 liability is recognised 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.

X 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.

XI. 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.

B. NOTES ON ACCOUNTS:

Particulars	Rs. in Lakhs	
	31.3.2009	31.3.2008
1. Contingent liability to the extent not provided for In respect of		
Disputed customs duty	556.37	556.37
Disputed Income Tax	6.04	Nil
Claims against the company not acknowledged as debt	7.60	Nil
2. Estimated amount of contracts remaining to be executed on account of capital expenditure to the extent not provided for	150.48	Nil
3. Expenditure in foreign currency:		
Travelling expenses	0.54	Nil
4. The value of import on CIF basis:		
Raw materials	Nil	22.18
Plant & Machinery	Nil	15.00
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	2007-2008	2006-2007

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

6. 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.

**SCHEDULE - Q (Contd..)***Rupees in Lakhs*

7. Related party disclosures:
Parties where control exists:

Related Party	Relationship
Holding Company : AIA Engineering Limited Key Managerial Personnel : Vinod Narain D. P. Dhanuka Pradip .R. Shah	Controlled By Bhadresh K. Shah –Director Chairman Director Director

Transactions with related parties	Current Year		Previous Year	
	Holding Company	Directors	Holding Company	Directors
	Rs.	Rs.	Rs.	Rs.
Purchases of Goods/Services	447.76	Nil	51.01	Nil
Other expenses	1.33	Nil	NIL	Nil
Sales of Goods	16,873.35	Nil	13,023.28	Nil
Purchases of fixed assets	164.76	Nil	2.00	Nil
Sales of fixed assets	8.21	Nil	NIL	Nil
Professional charges	Nil	1.80	NIL	2.17
Interest paid	10.71	Nil	8.92	0.71
Due to holding company as at last date of the financial Year.:				
A. Inter Corporate Loans	Nil	Nil	190.00	Nil
B. Against supply / advances for supplies	1,291.61	Nil	592.93	Nil
Loans taken	Nil	Nil	250.00	20.00
Loans repaid	190.00	Nil	60.00	20.00

8. **Earnings Per Share:**

Particulars	Current Year	Previous Year
Net Profit for the Year Rs.:	226.93	208.21
Number of Shares	6,38,161	6,38,161
Nominal Value of each Share in Rs.	10/-	10/-
Earnings per Share (Basic and Diluted):	35.56	32.63

**SCHEDULE - Q (Contd..)***Rupees in Lakhs*

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

Particulars	31-03-2009	31-03-2008
i) Principal amount remaining unpaid at the end of the year	120.62	38.11
Interest due thereon remaining unpaid as at the end of year	Nil	Nil
ii) Delayed payment of principal amount paid beyond the appointed day during the year	76.71	82.62
Interest actually paid under section 16 of the Act during the Year	Nil	Nil
iii) Interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the Interest specified under this Act	Nil	Nil
iv) Interest accrued at the end of the year	0.71	0.74
Interest remaining unpaid, out of above, as at the end of the year	0.71	0.74
v) 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	1.45	0.74

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

10. Prior period expenditure:

Nature of Expenses	31-03-2009	31-03-2008
Freight Charges	Nil	0.67
Purchase of Stores & spares	0.05	Nil
Staff Welfare	Nil	0.11
Courier Charges	Nil	0.01
Repairs to Plant & Machinery	1.24	0.17
Rates & taxes	Nil	0.03
Bank Charges	Nil	0.49
Total	1.29	1.49



SCHEDULE - Q (Contd..)

Rupees in Lakhs

- 11 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) 7.25% 8%
Expected return on plan assets 9.15% 9.15%
Salary escalation rate 6% 7%
Mortality Rate LIC (1994-96) published table of rates

2. Reconciliation of present value of obligation

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation at the beginning of the year	163.57	159.11	19.53	17.07
Interest cost	11.86	0.90	1.37	1.37
Current service cost	10.91	10.19	5.49	6.58
Actuarial (gain) /Loss	1.05	18.86	(0.82)	(2.22)
Benefits Paid	(20.81)	(25.49)	(4.94)	(3.25)
Curtailements	-	-	-	-
Settlements	-	-	-	-
Present value of obligation at the end of the year	166.58	163.57	20.63	19.53

3. Reconciliation of Fair value of plan assets

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at the beginning of the year	71.37	78.84	-	-
Expected return on plan assets	6.22	6.12	-	-
Actuarial gain / (Loss)	0.02	-	-	-
Contributions	10.30	11.90	4.94	3.25
Benifits paid	(20.81)	(25.49)	(4.94)	(3.25)
Assets distributed on settlement	-	-	-	-
Fair value of plan assets at the end of the year	67.10	71.37	-	-

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

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation at the end of the year	166.58	163.57	20.63	19.53
Fair value of plan assets at the end of the year	67.10	71.37	-	-
Net present value of unfunded obligation recognised as (assets) /Liability in the Balance Sheet.	99.49	92.20	20.63	19.53

5. Expenses recognised in the profit and loss account

	For the year ended 31-03-2009		For the year ended 31-03-2008	
	Current Year	Previous Year	Current Year	Previous Year
Current Service cost	10.91	10.19	5.49	6.58
Interest cost	11.86	0.90	1.37	1.37
Expected return on plan assets	(6.22)	(6.12)	-	-
Actuarial (Gain) / Loss recognised in the period	1.03	18.86	(0.82)	(2.22)
Past service cost	-	-	-	-
Curtailement Cost	-	-	-	-
Settlement Cost	-	-	-	-
Total Expenses recognised in the profit and loss account for the year	17.58	23.83	6.04	5.73
Actual return on plan assets	6.22	6.12	-	-

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



SCHEDULE - Q (Contd..)

- 12 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 2009		As at 31st March 2008	
	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 ALLOY STEEL CAST GRINDING MEDIA	42,000		42,000	
Opening Stock of Finished Goods	189	90.16	271	112.60
Production				
Own Production - Grinding Media	33,409		35,112	
Purchase of Finished Goods	533	334	NIL	NIL
Turnover	34,032	18,962.76	35,194	15,305.55
Closing Stock of Finished Goods	99	57.11	189	90.16
Raw Materials & Stores Consumed				
a. Raw Materials Consumed				
Indigenous				
Melting Steel Scrap	27,659	6,419.72	28,188	4,949.68
Alloy	9,340	6,363.05	8,667	4,333.85
Imported				
Melting Steel Scrap	Nil	Nil	91	22.18
Percentage-wise in terms of value				
Indigenous				
Melting Steel Scrap		100%		99.55%
Alloys		100%		100%
Imported				
Melting Steel Scrap		0.00%		0.45%
b. Stores & Spares Consumed				
Indigenous		1,755.60		1,512.28
Percentage		100%		100%
Imported	-	Nil	-	Nil
Percentage		Nil		Nil

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



SCHEDULE - R (Contd..)

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 0 9

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 0 9 7 0

Total Assets

2 7 0 9 7 0

SOURCES OF FUNDS

Paid-up Capital

6 3 8 4

Reserves & Surplus

1 9 4 1 5 1

Secured Loans

7 0 4 3 6

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

1 5 2 6 6 5

Investments

4

Deferred tax Assets

7 5 7 9

Misc. Expenditure

N I L

Net Current Assets

1 1 0 7 2 2

Accumulated Losses

N I L



SCHEDULE - R (Contd..)

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

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

Place : Bangalore
Date : 25/04/2009

VINOD NARAIN
Chairman

As per our Report attached
for **DAGLIYA & CO.**
Chartered Accountants

P.MANOHARA GUPTA
Partner
M.NO.16444
Place : Bangalore
Date : 25/04/2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

Rupees in Lakhs

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AS PER PROFIT & LOSS A/C	378.59	330.53
Adjusted for	-	-
Extraordinary items:	-	-
Net Profit before tax & extraordinary items	378.59	330.53
Adjustments for :		
Profit on sale of Fixed assets	(1.04)	-
Assets written off	8.65	-
Prior Year's expenditure	(1.29)	(1.49)
Depreciation (net)	383.03	307.16
Interest	122.32	128.90
Operating Profit before working capital changes	890.26	765.10
Adjustments for :		
Trade & Other Receivable	158.23	(751.03)
Inventories	(249.64)	(172.90)
Trade Payable	696.52	515.20
Cash generated from operations	1,495.37	356.37
Direct Taxes paid	(132.82)	(114.92)
Cash flow before extraordinary items	1,362.54	241.45
Extraordinary items	-	-
SUB TOTAL	1,362.55	241.45
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(517.73)	(437.33)
Sale of Fixed assets	6.50	-
Sale of Investments	0.01	-
SUB TOTAL	(511.22)	(437.33)
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/ Proceeds of long term borrowings	(625.35)	289.11
Interest Paid	(122.32)	(128.90)
Dividend Paid	(14.93)	(14.93)
SUB TOTAL	(762.60)	145.28
Net (Decrease) / Increase in cash & cash equivalents (A+B+C)	88.73	(50.60)
Cash & Cash equivalent at the beginning of the year	17.38	67.98
Cash & Cash equivalent at the closure of the year	106.10	17.38

For and on behalf of the Board

D.P.DHANUKA
R.P.AGARWAL
BHADRESH K. SHAH
PRADIP R. SHAH
Directors
Place : Bangalore
Date : 25/04/2009

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 : 25/04/2009

As per our Report attached
for **DAGLIYA & CO.**
Chartered Accountants

P. MANOHARA GUPTA
Partner
M.NO.16444
Place : Bangalore
Date : 25/04/2009

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-SEVENTH ANNUAL GENERAL MEETING** of the Company held at **The Taj West End**, No 23, Race Course Road, Bangalore- 560 001 at 15.00 hrs on Wednesday the 29th day of July 2009.

.....

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-SEVENTH ANNUAL GENERAL MEETING**
of the Company to be held on Wednesday the 29th day of July 2009 at "**The Taj West End**, No 23, Race
Course Road, Bangalore at 15-00 hrs and / or at any adjournment(s) thereof.

Signed this day of.....2009.

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.