



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
Mr. Ashok A. Nichani

AUDITORS

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

BANKERS

Canara Bank,
Bangalore.

State Bank of India
Bangalore

REGISTERED OFFICE & FACTORY

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

SHARE TRANSFER AGENT

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



40th ANNUAL GENERAL MEETING

Date	19th July 2012
Day	Thursday
Time	3.00 P.M.
Place	LE MERIDIEN Bangalore 28, Sankey Road, Bangalore 560 052
Book Closure (Dates)	05th July 2012 to 19th July 2012 (Both days inclusive)



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NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of Welcast Steels Limited, will be held at Le Meridien, No.28, Sankey Road, Bangalore - 560 052, at 3.00 pm on Thursday, the 19th day of July 2012 to transact the following business:

Ordinary Business

- (1) To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company and Statement of Profit and Loss for the year ended on 31st March 2012 together with the report of the Auditors' thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Rajendra S. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Sanjay Shailesh Majmudar, who retires by rotation and being eligible, offers himself for reappointment.
- (5) To appoint a Director in place of Mr. Bhadresh K. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- (6) To appoint auditors in place of retiring auditors and to fix their remuneration.

Special Business

- (7) To appoint a Director in place of Mr. Ashok A. Nichani who was appointed as an Additional Director of the company and who holds office of the Director only up to this Annual General Meeting under section 260 of the Companies Act, 1956. Being eligible, he offers himself for election and hence to consider and if thought fit, to pass the following resolution as an ordinary resolution with or without modification.

"RESOLVED that due notice in writing signifying the intention of a member to propose Mr. Ashok A. Nichani as a Director having been received, pursuant to the provisions of section 257 and other relevant provisions of the Companies Act, 1956, Mr. Ashok A. Nichani be and is hereby appointed as a Director of the company liable to retire by rotation"

Place : Bangalore
Date : 15-05-2012

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 instrument of proxy in order to be effective must be received at Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the share transfer books of the company will remain closed from 05th July 2012 to 19th July 2012 (both days inclusive).
4. The dividend, when declared will be paid on or before 16th August 2012 to those members whose name appears in the register of members as 19th July 2012.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.7

Mr. Ashok A. Nichani was co-opted to the Board on and with effect from 02.11.2011 and hence he holds office only up to this Annual General Meeting.

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 along with the requisite deposit, signifying his intention to propose the name of Mr. Ashok A. Nichani as a candidate for the office of Director.

The Board of Directors of the Company feels that his association at the Board level would be of large value to the Company and hence recommend his appointment in terms of resolutions set out in item no 7 of the notice. None of the Directors except Mr. Ashok A. Nichani is in any way concerned or interested in the said resolution.

Place : Bangalore
Date : 15-05-2012

By order of the Board of Directors
VINOD NARAIN
Chairman



DIRECTORS' REPORT

Your Directors present the Fortieth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2012

FINANCIAL RESULTS

PARTICULARS	₹. In Lacs	
	2011-12	2010 – 11
Gross Income	23030.23	21751.30
Less: Excise duty	1300.40	1694.61
Net Income	21729.83	20056.69
Profit before Finance Cost and Depreciation.	686.54	720.93
Less: Finance Cost	62.86	62.83
Profit before Depreciation	623.68	658.10
Depreciation for the year (Net of withdrawal from revaluation reserve)	233.00	290.43
Profit after Finance Cost and Depreciation	390.68	367.67
Provision for tax	124.50	100.91
Profit for the year	266.18	266.76
Prior period adjustments	3.66	0.34
Total	262.52	266.42
Balance profit for earlier years	1989.67	1763.09
Profit available for appropriation	2252.19	2029.51
Transfer to General Reserve	30.00	25.00
Dividend on equity shares	25.52	12.76
Tax on proposed dividend	4.14	2.08
Balance to be carried forward a sum of	2192.53	1989.67
Earnings per equity share of ₹.10/- each	41	42

1. PRODUCTION

During the year under review, the Company produced 37,979 tons of Grinding Media as compared to 38,241 tons in the previous year.

2. SALES & PROSPECTS :

The Company sold 38,120 tons of Grinding Media during the year under review as against 38,379 tons in the previous year. However, the sales revenue was higher at the ₹.21,729 lacs as against ₹.20,056 lacs in the previous year. The order book for the current year is also comfortable and the inflow of further orders is quite encouraging.

3. DIVIDEND :

Keeping in view the long standing expectations of Shareholders and the circumstances permitting, your Directors are pleased to recommend a dividend of 40% (₹.4.0 per share), as compared to 20% (₹.2.0 per share) in the previous year.

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 Research & Development section of the company remained busy in developing suitable grades of Grinding Media for Mining application. In spite of tough competition, the company has improved its market share globally by introducing special grades of grinding media for specific applications.

6. EMPLOYEE RELATIONS

The relationship with the employees remained cordial.

The previous Wage Agreement has ended on 31st December, 2011 and the new Agreement is under negotiation. An amicable settlement is likely to be reached soon.



DIRECTORS' REPORT (Contd..)

7. DIRECTORS :

Messrs Rajendra S. Shah, Sanjay Shailesh Majmudar and Bhadresh K. Shah retire by rotation and are eligible for re-appointment.

8. AUDITORS :

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

9. COST AUDITORS :

In compliance with the Ministry of Corporate Affairs' order No. 52/26/CAB-2010 dated 3rd May 2011, the Board of Directors of the Company on the approval of the Central Government, has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the Cost Accounting Records of the Company for the Financial Year 2011-2012.

The first Cost Audit Report for the Financial Year 2011-12 will be submitted to Central Government on or before 27th September 2012.

10. DEPOSITS:

The Company has not accepted any deposit from the public during the year under review, within the meaning of Section 58A of the Companies Act, 1956.

11. INTERNAL CONTROL AND AUDIT:

Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operations to ensure that all assets are safeguarded and protected against loss from un-authorised use or disposition and those transactions are authorised, recorded and reported correctly.

During the year under review, Internal Audit of the Company has been carried out by M/s. Rajesh Dudhara & Co., Chartered Accountants, Ahmedabad.

12. 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 2012, 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, 2012 on a going concern basis.

13. COMPLIANCE CERTIFICATE:

Pursuant to Section 383 A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules 2001, Compliance Certificate from Mr. Manjunath Reddy, Practising Company Secretaries for the year ended 31st March 2012 is attached as Annexure II to this Directors' Report.

14. GENERAL:

- i. 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 ₹. Sixty Lakhs per annum or ₹. Five Lakhs per month—NIL
- ii. Particulars as required under listing agreement Clause 49 are furnished as Annexure-I to this report and form a part thereof.
- iii. Certificate from a Company Secretary under proviso to section 383A of the Companies Act is attached as Annexure II to this report.
- iv. 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 : 15-05-2012

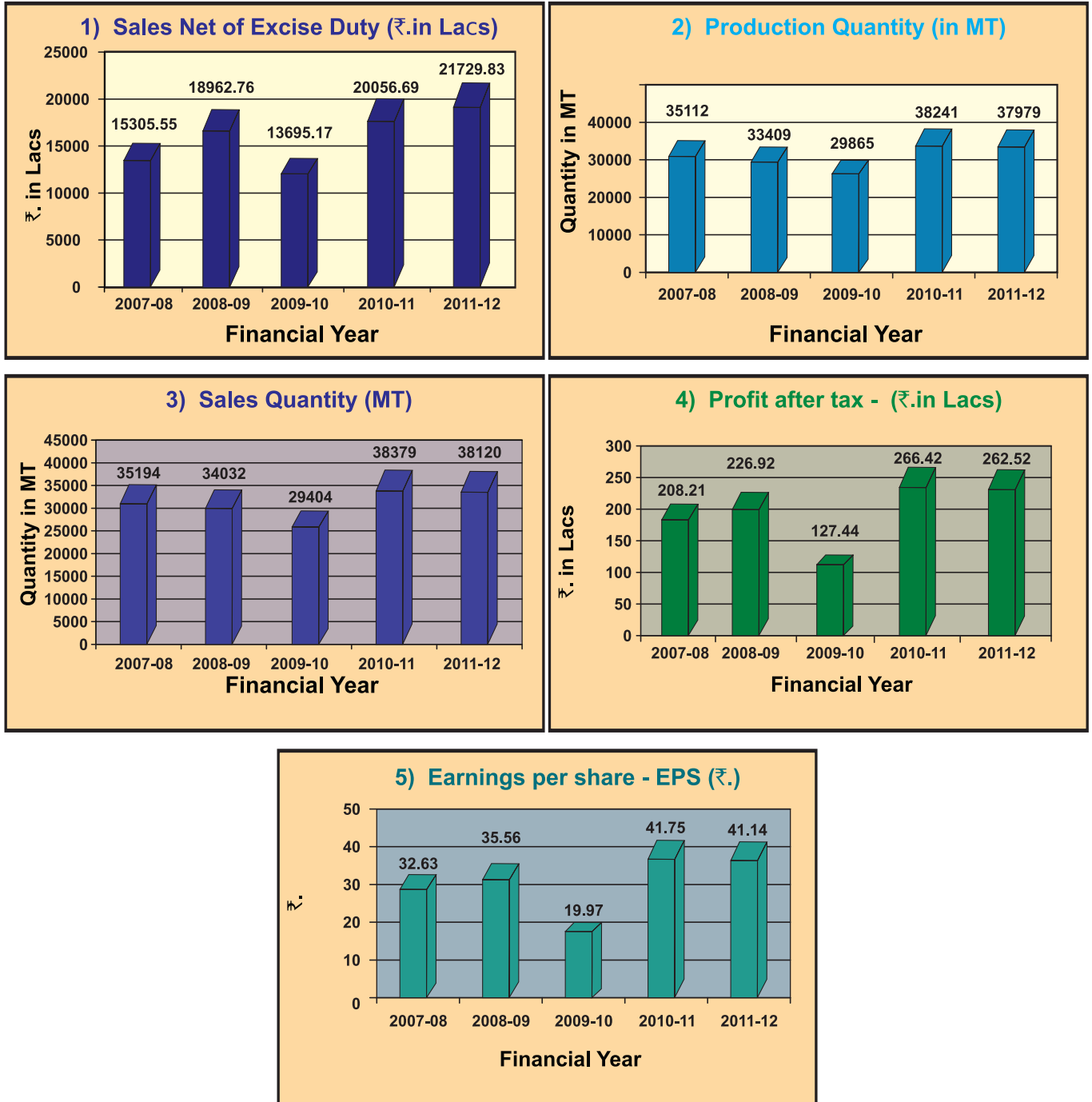
For and on behalf of the Board of Directors
VINOD NARAIN
Chairman



DIRECTORS' REPORT (Contd..)

PERFORMANCE HIGHLIGHTS

The Company has shown improvement in sales revenue during the year under review. Performance Charts for production, sales, profit and EPS; as compared to previous years, are given hereunder:





ANNEXURE-I TO DIRECTORS' REPORT

ANNEXURE – I

Particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31.03.2012.

I. CONSERVATION OF ENERGY

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

1. POWER AND FUEL CONSUMPTION

Electricity

	2011-12	2010-11
I) Units purchased	4,81,01,280	4,71,90,000
Total amount in ₹.	27,96,23,572	24,92,43,601
Rate / Unit (₹.)	5.81	5.28
ii) Units generated	4,62,709	9,41,735
Unit generated /Litre of Diesel/HFO	3.92	3.77
2. CONSUMPTION PER UNIT OF PRODUCTION (Metric Ton) (Product : Grinding Media) Electricity Units	1346	1275

II. RESEARCH AND DEVELOPMENT

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

- Material Handling Systems for semi finished and finished goods
- Heat-treatment process for new products
- Pattern Design for better yield

2. BENEFITS DERIVED

- Cost reduction and safe movement of goods
- New Market for Exports, increase in market share
- Improvement in productivity

3. FUTURE PLAN OF ACTION

- Improvement in working environment
- Water conservation
- Rejection control



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

III. TECHNOLOGY ABSORPTION AND INNOVATION

1. EFFORTS MADE

- a) Adoption of new heat-treatment process.
- b) Modification of sand mixing technology

2. BENEFITS

- a) Improvement in properties of Grinding Media.
- b) Reduction in rejection.

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

4. EXPENDITURE ON R & D

- a) Capital
- b) Revenue

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

₹. in Lacs

N I L

5.63

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. EARNINGS

Foreign exchange earned.

₹. in Lacs

NIL

2. OUTGO

- a) CIF Value of Imports

12.07

V. PARTICULARS IN COMPLIANCE WITH THE LISTING AGREEMENT:

CLAUSE 49

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

Bangalore Stock Exchange Ltd.,

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

SCRIPT CODE NO 504988

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

ISIN – INE 380G01015

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

ISIN – INE 380G01015

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

The Company has paid the listing fees for the financial year 2012-2013 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 31st March 2012. 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 05.05.2011, 03.08.2011, 02.11.2011 and 02.02.2012 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 20.07.2011 to 03.08.2011 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 03.08.2011 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 05.08.2011 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) An amount of ₹. 23,543/- unclaimed Dividend pertaining to the year 2003-04 has been transferred to Investor Education and Protection Fund Vide SRN: B23368012. However there were no instances necessitating the transfer of the amount in, 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 31.03.2012.
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 31.03.2012 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 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 : 15-05-2012

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 Limited
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 Register of Companies during the financial year ending on 31st March, 2012.

1. Balance Sheet (Schedule VI) as at 31.03.2011 Filed U/s.220 on.29.11.2011
2. Annual Return (Schedule V) U/s.159 filed on 22.10.2011
3. Compliance Certificate u/s.383A filed on 18.08.2011
4. Form No.1 filed on 12.11.2011.
5. Form No.32 u/s.260 filed on 22.11.2011.
6. Form No. 23C U/s 233B (2) filed on 29.06.2011.



AUDITORS' REPORT

To,

**The Members of
WELCAST STEELS LIMITED
Bangalore**

We have audited the attached Balance Sheet of WELCAST STEELS LTD., as at 31st March 2012 and the statement of Profit and Loss for the year ended on that date annexed thereto and also Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

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

In view of the above the question of rate of interest, terms and conditions of loans, regularity of recovery of principal and interest and over dues does not arise and clauses 4 (iii) (b), (c) and (d) of the Order are not applicable.
- b) As informed to us, the company has not borrowed any loans from the companies, firms, or other parties covered in the register maintained u/s 301 of the companies Act, 1956.

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



AUDITORS' REPORT (Contd..)

- 7) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts records have been made and maintained.
- 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 2012 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 (₹.)	Forum where the dispute is pending
Finance Act, 1994	Service Tax,	116.64 lakhs	Customs, Excise & Service Tax Appellate Tribunal Bangalore

- 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) The company has not raised any term loans from Banks or Financial Institutions during the year under audit. With regard to term loans raised in earlier years, which have been fully repaid during this year, the same have been applied for the purpose for which they were raised, based on the information and explanations given to us by the management.
- 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.



AUDITORS' REPORT (Contd..)

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, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - iv. In our opinion, the Balance Sheet, Statement of Profit & Loss 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, 2012 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 2012, 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, 2012;
 - ii) In the case of Statement of Profit & Loss 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 : 15-05-2012

For DAGLIYA & CO.
Chartered Accountants
(FRN 000671S)
(P.MANOHARA GUPTA)
Partner
Membership No: 16444



BALANCE SHEET

AS AT 31ST MARCH, 2012

₹. In Lacs

Particulars	Note No	Figures as at the end of current reporting period, 31st March 2012	Figures as at the end of previous reporting period, 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	63.84	63.84
b) Reserves and Surplus	2	2,537.32	2,305.64
(2) Share Application money pending allotment		-	-
(3) Non-Current Liabilities			
a) Long term borrowings		-	-
b) Deferred Tax Liabilities (Net)		-	-
c) Other Long Term Liabilities		-	-
d) Long Term Provisions	3	104.48	91.13
(4) Current Liabilities			
a) Short-Term Borrowings	4	814.90	559.14
b) Trade Payables	5	1,105.57	968.60
c) Other Current Liabilities	6	1,237.21	1,433.59
d) Short-Term Provisions	7	86.64	72.88
Total		5,949.96	5,494.82
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	867.65	1,058.66
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		-	22.67
(iv) Intangible assets under development		-	-
b) Non-current investments	9	0.01	0.01
c) Deferred tax assets (net)	10	115.72	97.15
d) Long term loans and advances	11	546.45	547.67
e) Other non-current assets	12	53.52	44.44
(2) Current Assets			
a) Current investments			
b) Inventories	13	1,911.35	1,635.90
c) Trade receivables	14	868.38	987.32
d) Cash and cash equivalents	15	65.00	62.62
e) Short-term loans and advances	16	636.66	575.99
f) Other current assets	17	885.22	462.39
Total		5,949.96	5,494.82

See accompanying notes to the financial statements

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For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R. SHAH
R.P. AGARWAL
ASHOK A. NICHANI
DIRECTORS

VINOD NARAIN
Chairman

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

(P MANOHARA GUPTA)
Partner
Membership No 16444
Place Bangalore

Place : Bangalore
Date : 15-05-2012



STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH 2012

₹. In Lacs

Particulars	Note No	Figures for the current reporting period 31st March 2012	Figures for the previous reporting period 31st March 2011
I Revenue from operations	18	21,729.83	20,056.69
II Other Income	19	27.49	23.81
III. Total Revenue (I +II)		21,757.32	20,080.50
IV Expenses:			
Cost of materials consumed	20	14,557.20	13,662.59
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(23.19)	(131.24)
Employee Benefits Expense	22	752.56	688.73
Finance Costs	23	62.86	62.83
Depreciation and Amortization Expense	8	233.01	290.43
Other Expenses	24	5,784.20	5,139.49
Total Expenses (IV)		21,366.64	19,712.83
V Profit before exceptional, extraordinary, prior period items, and tax (III - IV)		390.68	367.67
VI Prior Period items		3.66	0.34
VII Exceptional Items		0.00	0.00
VIII Profit before extraordinary items and tax (V - VI-VII)		387.02	367.33
IX Extraordinary Items		0.00	0.00
X Profit before tax (VIII - IX)		387.02	367.33
Tax expense:			
(1) Current tax	25	143.07	134.50
(2) Deferred tax		(18.57)	(33.59)
XI Profit(Loss) for the period from continuing operations (ix -x)		262.52	266.42
XII Profit/(Loss) from discontinuing operations		0.00	0.00
XIII Tax expense of discontinuing operations		0.00	0.00
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		0.00	0.00
XV Profit/(Loss) for the year (XI + XIV)		262.52	266.42
XVI Earning per equity share:			
(1) Basic / Diluted in ₹	26	41.14	41.75

See accompanying notes to the financial statements

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For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R.SHAH
R.P. AGARWAL
ASHOK A. NICHANI
DIRECTORS

VINOD NARAIN
Chairman

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

(P MANOHARA GUPTA)
Partner
Membership No 16444
Place Bangalore

Place : Bangalore
Date : 15-05-2012



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

1. Share Capital

Particulars	As at 31st March 2012	As at 31st March 2011
A. AUTHORISED 20,00,000 Equity Shares of ₹.10/- each (Previous Year 20,00,000 Equity Shares of ₹.10/-each)	200.00	200.00
B. ISSUED , SUBSCRIBED & FULLY PAID UP 6,38,161 Equity Shares of ₹.10/- each fully allotted for cash	63.82	63.82
Forfeited Shares 425 (Previous year 425) Equity Shares originally paid up at ₹. 5/- per share	0.02	0.02
Total	63.84	63.84

C Reconciliation of the number of Equity Shares outstanding at the beginning and at the end of the reporting period:				
Equity Shares	As at 31st March 2012		As at 31st March 2011	
	No of shares	Amount	No of shares	Amount
Shares outstanding at the beginning of the year	638,161	63.82	638,161	63.82
Add/ (Less): Shares allotted/ (bought back) during the year	0	-	0	-
Shares outstanding at the end of the year	638,161	63.82	638,161	63.82

D The details of Equity Shares in the Company held by each share holder holding more than 5% shares and Shares held by Holding company				
Name of the shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of shares	% of holding	No. of shares	% of holding
AIA Engineering Ltd - Holding Company	456,881	71.59	456,881	71.59

2. Reserves & Surplus

Particulars	As at 31st March 2012		As at 31st March 2011	
A Securities Premium Balance as per last Balance Sheet. (There are no additions /deductions since the last balance sheet)		47.79		47.79
B Revaluation Reserve Balance as per last Balance Sheet.	14.05		15.22	
Less: Withdrawn during the year	1.17	12.88	1.17	14.05
C General Reserve Balance as per last Balance Sheet..	254.13		229.13	
Add: Transferred from Surplus	30.00	284.13	25.00	254.13
D Surplus Balance as per last Balance Sheet.	1,989.67		1,763.08	
Add : Net profit after tax	262.52		266.42	
Less: Appropriations				
Proposed Dividend @ ₹. 4 /- (Prev year ₹. 2/-) per Equity share.	25.53		12.76	
Tax on Dividend	4.14		2.07	
Transfer to General Reserve	30.00	2,192.52	25.00	1,989.67
Total		2,537.32		2,305.64



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

3. Long Term Provisions

Particulars	As at 31st March 2012	As at 31st March 2011
Provision for Employee Benefits		
a Provision for Gratuity	79.86	71.94
b Provision for Leave Encashment	24.62	19.19
Total	104.48	91.13

4. Short Term Borrowings

Particulars	As at 31st March 2012	As at 31st March 2011
Secured		
a) Loan repayable on Demand from Bank		
(i) Cash Credit	264.90	9.14
(ii) Packing Credit	550.00	550.00
Total	814.90	559.14

(Secured by hypothecation of Plant and Equipment funded by Canara Bank and Hypothecation of equipments, accessories book debts and inventories and mortgage of Land & buildings acquired out of Company's own funds on pari pasu basis with SBI.) No default in repayment of above loan / in payment of interest

5. Trade Payables

Particulars	As at 31st March 2012	As at 31st March 2011
a Trade Payables		
Dues to Micro and Small Enterprises	14.20	7.94
b Others	1,091.37	960.66
Total	1,105.57	968.60

6. Other Current Liabilities

Particulars	As at 31st March 2012	As at 31st March 2011
a Current Maturities of Long term Debt*	-	34.79
b Unpaid Dividends	3.13	2.83
c Advances from Customers	1,174.40	1,341.78
d Accrued Salaries & Benefits	43.11	37.97
e Contribution to PF/ESI payable	10.68	11.01
f Other Payables -Duties & Taxes	5.89	5.21
Total	1,237.21	1,433.59

*Secured by hypothecation of assets funded by SBI and Land and buildings acquired out of company's own funds on pari pasu basis with Canara Bank.

7. Short Term Provisions

Particulars	As at 31st March 2012	As at 31st March 2011
a Provision for employee benefits		
i) Gratuity	19.05	19.19
ii) Leave Encashment	3.05	5.29
iii) Bonus and Ex-Gratia	28.80	27.92
b Others		
i) Provision for Income tax	142.00	134.50
Less: Advance Tax Paid	(135.93)	(128.85)
Net Tax Liability	6.07	5.65
ii) Proposed Dividend	25.53	12.76
iii) Provision for Tax on Dividend	4.14	2.07
Total	86.64	72.88



Notes forming part of Balance Sheet

as at 31st March 2012

8. Fixed Assets TANGIBLE ASSETS :

₹. In Lacs

	Freehold Land	Buildings	Plant & Equipments	Office Equipments	Computers	Furniture and Fixtures	Vehicles	Laboratory Equipments	Total
Cost or Valuation									
As at 1st April 2010	8.89	598.48	3,232.46	21.74	31.27	38.93	42.26	40.35	4,014.38
Additions/Adjustments during the period		3.75	101.64	41.19	0.21	1.53	2.43	-	150.75
Deductions/Retirement during the period									
Other adjustment									-
As at 31st March 2011	8.89	602.23	3,334.10	62.93	31.48	40.46	44.69	40.35	4,165.13
Additions/Adjustments during the period	-	23.72	11.03	0.92	0.59	1.72	5.78	0.05	43.81
Deductions/Retirement during the period	-	-	-	-	-	-	16.34	-	16.34
Other adjustment									
As at 31st March 2012	8.89	625.95	3,345.13	63.85	32.07	42.18	34.13	40.40	4,192.60
Depreciation and Amortisation									
As at 1st April 2010	-	279.95	2,412.46	15.09	29.05	24.80	37.72	15.80	2,814.87
Charge for the year	-	31.51	242.03	5.43	0.94	3.20	1.66	6.83	291.60
Deductions/Adjustment during the period	-	-	-	-	-	-	-	-	-
As at 31st March 2011	-	311.46	2,654.49	20.52	29.99	28.00	39.38	22.63	3,106.47
Charge for the year	-	28.63	189.38	6.18	0.78	2.76	1.51	4.94	234.18
Disposal	-	-	-	-	-	-	15.70	-	15.70
As at 31st March 2012	-	340.09	2,843.87	26.70	30.77	30.76	25.19	27.57	3,324.95
Net Block									
As at 31st March 2011	8.89	290.77	679.61	42.41	1.49	12.46	5.31	17.72	1,058.66
As at 31st March 2012	8.89	285.86	501.26	37.15	1.30	11.42	8.94	12.83	867.65



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

9. Non Current Investments

Particulars	As at 31st March 2012	As at 31st March 2011
a) Trade Investments		
b) Other Investments In Government Securities- (Unquoted, At cost) (National Saving Certificates/IVP)	0.01	0.01
Total	0.01	0.01

10. Deferred Tax Assets

Particulars	As at 31st March 2012	As at 31st March 2011
Arising on account of timing difference		
On account of Depreciation	74.11	58.26
On account of Gratuity, Leave Salary & Bonus	41.61	38.89
Total	115.72	97.15

11. Long Term Loans and Advances

Particulars	As at 31st March 2012	As at 31st March 2011
i) Capital Advances (Unsecured & considered good) Advance paid for purchase of Land	168.10	168.10
ii) Security Deposits (Unsecured & Considered good) Earnest Money Deposit Other Deposits	2.52 375.83	3.74 375.83
iii) Other Loans & Advances	-	-
Total	546.45	547.67

12. Other Non Current Assets

Particulars	As at 31st March 2012	As at 31st March 2011
a Long Term Trade Recievables I) Unsecured, Considered Good : (Outstanding for more than 6 months from the date they are due for payment)	17.21	15.27
b Deposits-In Post office Savings bank Account (Pass Book lodged with Central Excise Dept)	0.09	0.09
c Other Bank Balance In Fixed Deposits (as Margin Money, more than 12 months maturity)	36.22	29.08
Total	53.52	44.44

13. Inventories

Particulars	As at 31st March 2012	As at 31st March 2011
(At lower of cost and Net Realisable Value)		
a Raw Material	726.50	528.36
b Stores & Spares	422.78	368.66
c Work in Progress	759.28	713.90
d Finished Goods	2.79	24.98
Total	1,911.35	1,635.90

14. Trade Receivables

Particulars	As at 31st March 2012	As at 31st March 2011
Unscured & Considered good *	868.38	987.32
Total	868.38	987.32

* Amount due for more than 6 months from the date on which they have fallen due for payment-
₹. 153.52 lacs (Pr Yr-₹. 53.38 lacs)



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

15. Cash & Cash Equivalents

Particulars	As at 31st March 2012	As at 31st March 2011
a Balance with Banks:		
i) In Current Accounts	57.04	53.05
ii) Unpaid Dividend Accounts	3.18	2.83
Sub Total (a)	60.22	55.88
b Cash-in-Hand (b)	4.78	6.74
Total [a + b]	65.00	62.62

16. Short Term Loans and Advances

Particulars	As at 31st March 2012	As at 31st March 2011
Short Term Loans & Advances: (Un Secured, Considered Good)		
Advances Recoverable in cash or in kind or for value to be received	624.09	561.67
Advance Income Tax/Refund Due	1.31	1.29
Loans and Advances to Staff	11.26	13.03
Total	636.66	575.99

17. Other Current assets

Particulars	As at 31st March 2012	As at 31st March 2011
a DEPB Receivables	7.60	7.60
b Balance with Central Excise Department	427.08	303.58
c Balance with Sales Tax Department	450.54	151.21
Total	885.22	462.39

18. Revenue from Operations

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
Sale of Products	23,026.84	21,748.70
Other Operating Revenue	3.39	2.60
Less : Excise Duty	(1,300.40)	(1,694.61)
Total	21,729.83	20,056.69

19. Other Income

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
a Interest on Bank Deposits	21.30	21.32
b Miscellaneous Receipts	3.63	2.49
c Profit on Sale of Assets	2.56	-
Total	27.49	23.81



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

20. Cost of Material Consumed

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
RAW MATERIALS CONSUMED: 100 % indigeneous (Pr Yr -100 % indigeneous)		
MS SCRAP	6,920.62	5,921.19
FERRO CHROME	6,609.19	6,290.91
ALLOY STEEL AS CASTINGS	1,027.39	1,450.49
Total	14,557.20	13,662.59

21 Changes in Inventories of finished goods, work in progress & stock in trade

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
Work in Process		
Opening Stock:	713.90	580.34
Less :		
Closing Stock	759.28	713.90
Total -A	(45.38)	(133.56)
Finished Goods:		
Opening Stock:	24.98	27.30
Less :		
Closing Stock:	2.79	24.98
Total - B	22.19	2.32
Total - A+B (Total Change in Inventory)	(23.19)	(131.24)

22 Employee Benefits Expense

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
1 Salaries, Wages and Bonus	631.09	576.13
2 Contribution to Provident Fund / ESIC / Gratuity Fund	54.70	61.69
3 Staff Welfare Expenses	66.77	50.91
Total	752.56	688.73

23 Finance Costs

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
Interest Expense		
- For Cash Credit and Working Capital	61.04	53.26
- For Term Loan	1.82	9.57
Total	62.86	62.83

8. Depreciation & Amortisation Expense

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
Depreciation	234.18	291.60
Less: Amount transferred from Revaluation Reserve	1.17	1.17
Total	233.01	290.43



Notes forming part of Balance Sheet

as at 31st March 2012

₹. In Lacs

24. Other Expenses

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
a Consumption of Stores & Spare Parts	1,855.33	1,665.68
b Power and Fuel	2,796.24	2,492.44
c Labour Charges	405.97	371.84
d Factory Maintenance	28.21	23.70
e Repairs and Maintenance		
- To Buildings	33.10	20.80
- To Plant and Equipments	95.76	80.45
- To Other Assets	10.31	2.57
f Insurance	9.58	8.42
g Rates and Taxes	12.99	9.33
h Rent	4.47	4.11
i Directors' Sitting Fees	1.10	1.23
j Travelling Expenses		
- For Directors	0.67	0.55
- For Others	15.01	8.81
k Statutory Auditor's Fees		
- For Audit Fees	2.00	1.20
- For Income Tax Audit Fees	0.50	0.30
- For KVAT Audit Fees	0.50	0.30
- For Income Tax matters	0.75	0.40
- For Company Law Matters	0.75	-
- For Certification/Limited Reviews	0.80	0.50
l Legal and Professional Consultancy Fees	28.60	22.09
m Bank Commission Charges	8.99	9.34
n Printing and Stationery Expenses	15.81	7.96
o Postage, Telephones, Courier, Internet & E-mail	6.67	7.16
p Sales Promotion	6.30	8.70
q Vehicle Repairs and Maintenance	8.46	8.62
r Conveyance Expenses	1.61	1.64
s Donation Expenses	0.15	0.31
t Advertisement Expenses	4.08	1.21
u Packing Materials Consumed	375.01	356.93
v Selling & Distribution Expenses	36.90	9.18
w Bad Debts	7.64	1.92
x Miscellaneous Expenses	9.94	11.80
Total	5,784.20	5,139.49

25. Current Tax

Particulars	Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
a) Current Tax	142.00	134.50
b) Short Provision for earlier years	1.07	-
Total	143.07	134.50

26. Earning Per Share

Particulars		Figures for Current Reporting Year- 2012	Figures for previous Reporting Year -2011
Profit attributable to the Equity Shareholders	A	262.52	266.42
Basic / Weighted average number of Equity Shares outstanding during the period	B	638,161	638,161
Nominal value of Equity Shares (in ₹.)		10	10
Basic/Diluted Earnings per Share (in ₹.)	A/B	41.14	41.75



Notes forming part of Balance Sheet

for the year ended 31st March 2012.

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 the statement of Profit and Loss.

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 assets 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. INVENTORIES

- 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 statement of profit and loss 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 statement of profit and loss for the period in which they occur.
 - ii. Compensated absence: The Company has a scheme to 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 statement of profit and loss 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.

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 statement of profit and loss.

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 recognized only if there is virtual certainty that they will be realized 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:

- 1 Contingent liability to the extent not provided for

₹. in Lacs

Particulars

31.03.2012	31.03.2011
-	556.37
-	3.82
7.60	7.60
116.64	116.64

In respect of disputed customs duty

In respect of disputed Income Tax

In respect of claims against the company not acknowledged as debt

In respect of disputed Service Tax

- 2 Estimated amount of contracts remaining to be executed and not provided for-

a. On capital account - ₹. 3.71/- lacs (previous year: Nil)

b. On revenue account (Material contracts for purchase of Raw Materials, stores & service contracts) - ₹. 674.00/- lacs

- 3 Amount remitted in foreign currency on account of Dividend:

₹. in Lacs

Particulars

31.03.2012	31.03.2011
15	12
58,249	60,251
1.16	1.20
2010-2011	2009-2010

Number of non resident share holders

Number of shares held by them

Amount of dividend

Year for which dividend was remitted

(This information pertains to the non-resident shareholders, however dividend is remitted in INR to their NRO Accounts)

- 4 In the opinion of the Board, all assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- 5 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
- 6 The Company has not entered into any non cancelable lease arrangement.



Notes forming part of Balance Sheet

(Contd..)

- 7 Related party disclosures:
Parties where control exists:
Related Party
AIA Engineering Ltd.

Relationship
Holding Company
Controlled By
Bhadresh K. Shah - Director
Associate (Fellow Subsidiary)

DCPL Foundries Ltd.
Key Managerial Personnel:
Vinod Narain
Pradip R. Shah
Bhadresh K. Shah

Chairman
Director
Director

₹.in Lacs

Transactions with related parties	Current Year 2011-12			Previous Year 2010-11		
	Holding Company	Fellow Subsidiary	Directors	Holding Company	Fellow Subsidiary	Directors
Purchases of Goods/Services	458.29	826.95	-	117.75	-	-
Sales of Goods	17,617.86	262.53	-	15,605.49	-	-
Purchases of fixed assets	-	-	-	-	-	-
Professional charges	-	-	3.00	-	-	2.61
Sitting Fees	-	-	0.60	-	-	0.45
Due to holding/Fellow Subsidiary company as at last date of the financial year against supply / advances for supplies	21.38	-	-	1,287.54	-	-

- 8 Earnings Per Share:

Particulars

Net Profit for the Year ₹.:
Number of Shares
Nominal Value of each Share in ₹.
Earnings per Share (Basic and Diluted): ₹.

2011-12	2010-11
262.52	266.42
6,38,161	6,38,161
10/-	10/-
41.14	41.75

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

Particulars

i) Principal amount remaining unpaid at the end of the year
ii) Interest accrued at the end of the year
Interest remaining unpaid, out of above, as at the end of the year
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.

2011-12	2010-11
NIL	7.94
NIL	NIL
NIL	NIL
NIL	4.15

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

- 10 These financial statements have been prepared in accordance with Revised Schedule VI to the Companies Act, 1956, which has significant implications in presentation as compared to the presentation as per erstwhile Schedule VI. Figures for the previous reporting period have been recast in line with current year's presentation.



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:

₹. in Lacs

I. Defined Contribution Plan	For the year ended 31-03-2012		For the year ended 31-03-2011	
	Contribution to Defined Contribution Plan, recognized as expense for the year are as under:			
Particulars				
Employer's Contribution to Provident Fund	23.92			22.97
Employer's Contribution to Employee State Insurance Scheme	8.15			8.52
ii. Defined Benefit plans:				
1. Actuarial assumptions				
		Gratuity - Funded		Leave Encashment - unfunded
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate (Per annum)	8.50%	8.00%		
Expected return on plan assets	9.15%	8.00%		
Salary escalation rate	6.00%	6.00%		
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	143.27	152.72	24.48	25.46
Interest cost	11.46	11.84	1.96	1.89
Current service cost	1.01	10.09	5.02	4.01
Actuarial (gain) /Loss	10.19	9.83	0.89	(1.73)
Benefits Paid	(18.90)	(41.21)	(4.68)	(5.15)
Curtailements	-	-	-	-
Settlements	-	-	-	-
Present value of obligation at the end of the year	147.03	143.27	27.67	24.48
3. Reconciliation of Fair value of plan assets				
Fair value of plan assets at the beginning of the year	52.14	78.69	-	-
Expected return on plan assets	4.37	5.01	-	-
Actuarial gain / (Loss)	0.41	0.63	-	-
Contributions	10.10	9.02	4.68	5.15
Benefits paid	(18.90)	(41.21)	(4.68)	(5.15)
Assets distributed on settlement	-	-	-	-
Fair value of plan assets at the end of the year	48.12	52.14	-	-
4. Net (Assets) / Liability recognized in the balance sheet as at year end				
Present value of obligation at the end of the year	147.03	143.27	27.67	24.48
Fair value of plan assets at the end of the year	48.12	52.14	-	-
Net present value of unfunded obligation recognised as (assets) /Liability in the Balance Sheet.	98.91	91.13	27.67	24.48

**Notes forming part of Balance Sheet**

(Contd..)

₹. in Lacs

	Current Year	Previous Year	Current Year	Previous Year
5. Expenses recognised in the statement of profit and loss				
Current Service cost	1.01	10.09	5.02	4.01
Interest cost	11.46	11.84	1.96	1.89
Expected return on plan assets	(4.37)	(5.01)	-	-
Actuarial (Gain) / Loss recognised in the period	9.78	9.20	0.89	(1.73)
Past service cost	-	-	-	-
Curtailment Cost	-	-	-	-
Settlement Cost	-	-	0.61	-
Total Expenses recognised in the statement profit and loss for the year	17.88	26.13	8.48	4.17
Actual return on plan assets	4.37	5.01	-	-

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

12. Consumption of Stores and Spares

	Current Year	Previous Year
Indigenous - Value	1,855.33	1,665.68
Percentage	99.29%	100.00%
Imported	13.18	-
Percentage	0.71%	0%
CIF Value of Imports: Stores & spares	12.07	Nil

For and on behalf of the Board
D.P. DHANUKA
BHADRESH K. SHAH
PRADIP R.SHAH
R.P. AGARWAL
ASHOK A. NICHANI
 DIRECTORS

VINOD NARAIN
 Chairman

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

(P MANOHARA GUPTA)
 Partner
 Membership No 16444
 Place : Bangalore

Place : Bangalore
 Date : 15-05-2012



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

₹. in Lacs

	2011-2012 Rs.	2010-2011 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax As Per Statement of Profit & Loss	390.68	367.67
Adjusted for		
Extraordinary items:	0.00	
Net Profit before tax & extraordinary items	390.68	367.67
Adjustments for :		
Profit on sale of Fixed assets	(2.56)	0.00
Assets written off	0.00	0.00
Prior Year's expenditure	(3.66)	(0.34)
Depreciation (net)	233.01	290.43
Interest	62.86	62.83
Operating Profit before working capital changes	680.33	720.59
Adjustments for :		
Trade & Other Receivable	(365.29)	(303.92)
Inventories	(275.45)	30.44
Trade Payable	(47.55)	(60.01)
Cash generated from operations	(7.96)	387.10
Direct Taxes paid	(142.64)	(126.77)
Cash flow before extraordinary items	(150.60)	260.33
Extraordinary items	0.00	0.00
SUB TOTAL	(150.60)	260.33
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(21.14)	(80.12)
Sale of Fixed Assets	3.19	0.00
Sale of Investments	0.00	0.04
SUB TOTAL	(17.95)	(80.08)
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/ Proceeds of long term borrowings	255.76	(62.73)
Interest Paid	(62.86)	(62.83)
Dividend Paid	(14.83)	(14.88)
SUB TOTAL	178.07	(140.44)
Net (Decrease) / Increase in cash & cash equivalents (A+B+C)	9.52	39.81
Cash & Cash equivalent at the beginning of the year	91.79	51.98
Cash & Cash equivalent at the closure of the year	101.31	91.79

For and on behalf of the Board

D.P.DHANUKA
R.P.AGARWAL
BHADRESH K. SHAH
PRADIP R. SHAH
ASHOK A. NICHANI
DIRECTORS

Place : Bangalore
Date : 15-05-2012

Notes:

- Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India.
- Purchase of fixed assets includes movements of capital work-in-progress between the beginning and the end of the year.
- Previous year figure regrouped/recasted wherever necessary.

Place : Bangalore
Date : 15-05-2012

VINOD NARAIN
Chairman

For **DAGLIYA & Co.,**
FRN:000671S
Chartered Accountants
(P.MANOHARA GUPTA)
Partner
M.NO.16444

Welcast Steels Limited

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

ATTENDANCE SLIP

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

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

I hereby record my presence at the **FORTIETH ANNUAL GENERAL MEETING** of the Company held at Le Meridien, No. 28, Sankey Road, Bangalore - 560 052 at 15.00 hrs on Thursday, the 19th day of July 2012

.....

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 **FORTIETH ANNUAL GENERAL MEETING** of the Company to be held on Thursday, the 19th day of July 2012 at "Le Meridien, No. 28, Sankey Road, Bangalore - 560 052" at 15.00 hrs and / or at any adjournment(s) thereof.

Signed this day of.....2012.

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.

