



AIA ENGINEERING LIMITED
ISO 9001 CERTIFIED

22nd ANNUAL REPORT
2011 - 2012



NOTE FROM THE MANAGING DIRECTOR'S DESK



Dear Shareholders,

We would like to thank you for your unwavering support and faith in the Company's management in its pursuit in achieving its goals year after year. The Company has continued its growth trajectory in fiscal year 2011-2012 with a topline growth of 29.13%. We have begun making in-roads in to the mining space from where most of our growth has come from. The Company today services different sectors like iron, copper, gold, platinum and zinc for blue chip mining customers in geographies like Canada, Brazil, South Africa, Australia, Phillipines, USA etc. Your Company is already an established supplier of High Chrome wear parts to the cement industry globally.

As you are well aware, your Company is operating in a high technology oriented niche engineering segment, involving manufacturing of impact abrasion and wear resistant high chrome mill internal products used by cement, mining and utility industries. Your Company services the 'replacement' demand of these industries and the OEM requirements for which new capacities have been added in those industries.

Your Company closed the Fiscal Year 2011-12 with a growth of 15.68% in terms of tonnage and 22.05% in terms of revenue as compared to the previous year.

Fiscal year 2011-12 saw fortunes of several countries in Europe hang in the balance with cascading effects on growth in that region, while the growth in North America continues to be tepid. Your Company sells to customers in more than 72 countries and is quite naturally exposed to economic and geo-political environment in these countries. Our sale in the Cement segment globally continues to remain flat largely on account of these factors. Nevertheless, we are un-tiring in our commitment to improve operational efficiencies for our customers and engaging in operational reviews with customers knowing well that we should be the beneficiary as and when the markets improve. At the same time, our Mining sales continue to grow on back of the relatively strong mining market. Our mining customers remain bullish about their prospects which gives us confidence on continuing to increase our market share in that market.

At AIAE, we continue to emphasize research, development and innovation. We strive to be on the leading curve of innovation in our industry and continuously keep introducing new solutions for our customers including new alloys and designs. We believe that this is the key for your Company to steadily move towards achieving its vision of becoming a global leader in this niche business of High Chrome Mill Internals.

We continue to devote resources towards becoming a sustainable organization and ensuring that we grow our business keeping sustainable social development in mind. We are moving towards promoting a cleaner and greener environment.

I gratefully acknowledge the unstinted support of all the Board Members and Senior Managerial Personnel, the Staff Members and Workers and each and every member of the AIAE family for their untiring efforts in making the Company what it is today. I cannot forget our customers, vendors and suppliers for reposing strong confidence in the Company. I also acknowledge the kind co-operation and support of bankers. Last but not the least, I sincerely once again thank all the stake holders for supporting and encouraging in Company's endeavour.



Bhadresh Shah
Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra S. Shah : *Chairman : Independent - Non-Executive*
Mr. Bhadresh K. Shah : *Managing Director : Executive - Promoter*
Mr. Vinod Narain : *Independent*
Mr. Bhupendra A. Shah : *Independent*
Mr. Sanjay S. Majmudar : *Independent*
Dr. S. Srikumar : *Non Independent - Non-Executive Director*
Mr. Yashwant M. Patel : *Whole-time Director*

COMPANY SECRETARY

Mr. S. N. Jetheliya

AUDITORS

M/s.Talati & Talati
Chartered Accountants,
Ambica Chambers, Near Old High Court,
Navrangpura, Ahmedabad-380 009

REGISTERED OFFICE

115, GVMM Estate,
Odhav Road, Ahmedabad-382 410

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West),
MUMBAI – 400 078
Phone No. 022-25960320-28
Fax No. 022-25960329

BANKERS

State Bank of India
G.V.M.S.A.V. Ltd. Branch,
Odhav Road, Odhav,
Ahmedabad-382410

The Royal Bank of Scotland N.V.
(Formerly known as ABN AMRO Bank)
Viva Complex, Opp. Parimal Garden,
Ellisbridge, Ahmedabad – 380 006

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NUMBERS SPEAK
STATEMENT OF PROFIT AND LOSS (CONSOLIDATED)

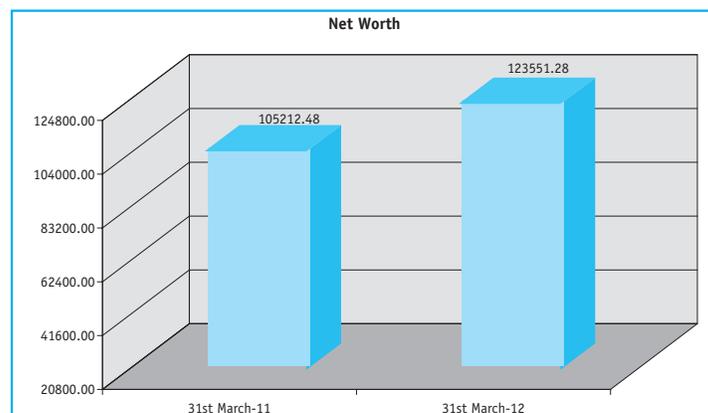
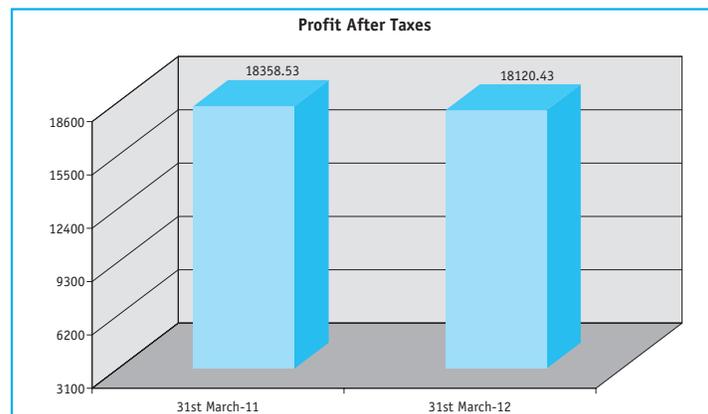
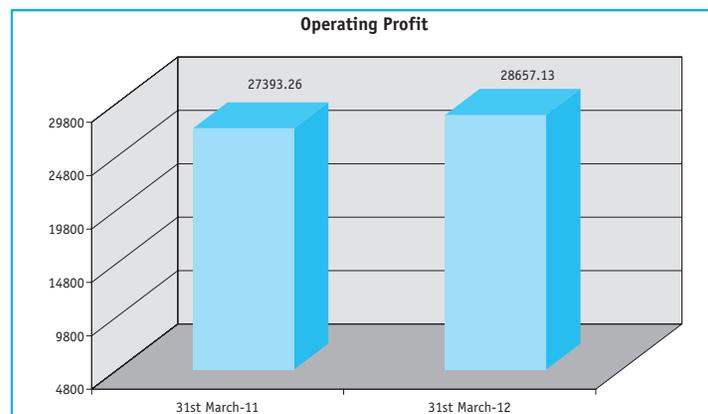
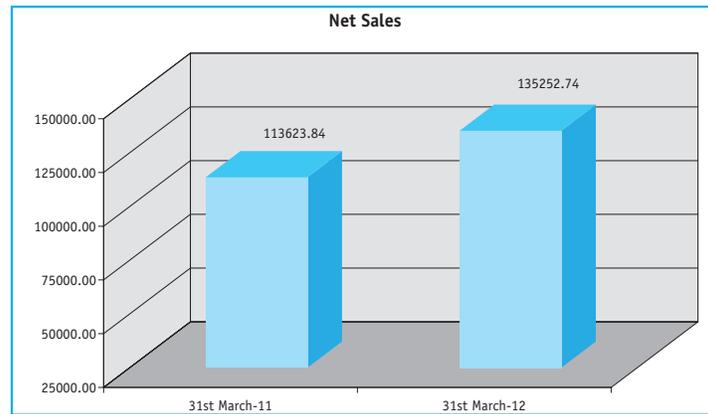
Particulars	Year Ended 31st March, 2012 ₹ Lacs	Year Ended 31st March, 2011 ₹ Lacs
I Revenue from Operations	147,887.06	121,781.17
Less : Central Excise Duty	6,220.42	5,715.49
Revenue from Operations (Net)	141,666.64	116,065.68
II Other Income	1,327.31	2,472.32
III Total Revenue (I +II)	142,993.95	118,538.00
IV Expenses:		
Cost of Materials Consumed	58,000.76	44,740.00
Purchase of Stock-in-Trade	4,678.45	10,898.70
Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade	(3,758.02)	(7,045.22)
Employee Benefits Expense	6,488.52	5,226.05
Finance Costs	439.18	202.54
Depreciation and Amortisation Expense	2,944.43	2,539.70
Other Expenses	48,927.11	37,325.21
Total Expenses (IV)	117,720.43	93,886.98
V Profit Before Tax (III - IV)	25,273.52	24,651.02
VI Tax Expense:		
(1) Current Tax	6,962.47	6,044.55
(2) Deferred Tax	190.62	247.95
VII Profit / (Loss) from the period before Minority Interest (V - VI)	18,120.43	18,358.52
VIII Minority Interest	74.57	19.27
IX Profit / (Loss) for the period After Minority Interest (VII-VIII)	18,045.86	18,339.25
Earnings per Equity Share: (Face Value of ₹2/- each)		
Basic & Diluted (₹)	19.21	19.46

BALANCE SHEET (CONSOLIDATED)

Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital	1,886.41	1,886.41
(b) Reserves and Surplus	121,664.87	103,326.07
Sub Total Shareholders' Funds	123,551.28	105,212.48
(2) Minority Interest	437.96	646.70
(3) Non-Current Liabilities		
(a) Long-Term Borrowings	712.45	818.24
(b) Deferred Tax Liabilities (Net)	1,576.98	1,523.70
(c) Long Term Provisions	430.14	298.48
Sub Total Non-Current Liabilities	2,719.57	2,640.42
(4) Current Liabilities		
(a) Short-Term Borrowings	3,859.95	1,062.85
(b) Trade Payables	9,864.27	13,014.52
(c) Other Current Liabilities	3,558.44	2,257.27
(d) Short-Term Provisions	5,032.56	4,436.62
Sub Total Current Liabilities	22,315.22	20,771.26
Total Equity & Liabilities	149,024.03	129,270.86
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	33,978.65	26,758.59
(ii) Intangible Assets	1,628.16	1,474.24
(iii) Capital Work in Progress	1,808.49	1,516.44
(b) Non-Current Investments	0.10	0.10
(c) Long term Loans and Advances	1,798.27	930.63
(d) Other Non-Current Assets	619.08	486.74
Sub Total Non-Current Assets	39,832.75	31,166.74
(2) Current Assets		
(a) Current Investments	14,025.83	15,013.32
(b) Inventories	30,108.87	23,667.11
(c) Trade Receivables	37,172.56	35,438.85
(d) Cash and Bank balances	14,964.17	15,266.06
(e) Short-term Loans and Advances	12,583.63	8,711.04
(f) Other Current Assets	336.22	7.74
Sub Total Current Assets	109,191.28	98,104.12
Total Assets	149,024.03	129,270.86

**RATIOS (Consolidated)**

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Financial Performance Ratio %		
Operating Profits	21.19	24.11
PAT / Net Sales	13.40	16.16
Interest / Total Income	0.30	0.16
BALANCE SHEET RATIOS (TIMES)		
Debt / Equity Ratio	0.01	0.01
Current Ratio	4.89	4.72
PER SHARE DATA		
Earning Per Share (₹)	19.21	19.46

GRAPHS (₹ Lacs)


**DIRECTORS' REPORT**

To,
The Members,
AIA Engineering Limited
Ahmedabad

Your Directors take pleasure in submitting the 22nd Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS:

Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
Revenue from Operations & Other Income	128,421.31	100,180.19
Profit before Finance Cost, Depreciation & Amortisation and Tax Expenses	24,759.72	21,066.14
Finance Cost	213.40	2.38
Depreciation & Amortisation	2,547.20	2,138.21
Profit before tax	21,999.12	18,925.55
(i) Provision for Taxation (Current)	6,659.00	5,708.45
(ii) Provision for Taxation (Deferred)	249.37	242.17
Total Tax (i+ii)	6,908.37	5,950.62
Profit after tax	15,090.75	12,974.93
Surplus Brought Forward from Previous Year	47,525.51	39,135.24
Balance available for appropriations	62,616.26	52,110.17
Transferred to General Reserve	1,509.08	1,297.50
Proposed Dividend on Equity Shares	2,829.61	2,829.61
Tax on Dividend on Equity Shares	457.55	457.55
Balance Carried to Balance Sheet	57,820.02	47,525.51

2. OPERATIONAL REVIEW:

During the year under review, the Revenue from operations of the Company has gone up to ₹127,256.00 Lacs as compared to ₹98,547.19 Lacs in the previous Financial Year. Exports Turnover has also gone up to ₹75,602.15 Lacs as compared to ₹56,717.19 Lacs in the previous Financial Year.

During the year under review, Company has registered a Profit Before Tax (PBT) of ₹21,999.12 Lacs and Profit After Tax (PAT) of ₹15,090.75 Lacs as compared to PBT of ₹18,925.55 Lacs and PAT of ₹12,974.93 Lacs respectively in the previous Financial Year.

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) registered a Revenue from operations of ₹141,666.64 Lacs as compared to ₹116,065.68 Lacs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹18,120.43 Lacs as compared to PAT of ₹18,358.51 Lacs in the previous Financial Year.

3. DIVIDEND:

The Board of Directors is pleased to recommend a Dividend of ₹3/- (150%) per Equity Shares of the face value of ₹2/- each amounting to ₹2,829.61 Lacs for the Financial Year 2011-12 subject to the approval of the Shareholders.

The total Dividend outgo for the year ended 31st March, 2012 would be ₹3,287.16 Lacs including the Corporate Dividend Tax of ₹457.55 Lacs.

4. CAPITAL EXPENDITURE OUTLAY:

During the year under review, the Company has incurred ₹10,445.52 Lacs (including ₹1,808.49 Lacs of Capital work-in-progress) on Capital Expenditure.

5. HUMAN RESOURCE POLICY:

The Company has till date witnessed very low attrition levels. This is on account of its special emphasis on ensuring a fair and sustainable working environment in addition to sufficient growth opportunities. Staff undergoes regular functional and cross-functional training to ensure they are current with skill sets relevant in today's time. The Company has inducted some senior staff to further augment its HR function in this Fiscal Year. The Company's business is highly specialized and involves the periodically full cycle from design of solutions for specific applications at the customer's end to production of highest quality material to supervision of installation of the parts at the customer's end. It requires dedicated staff at all levels. Company's HR policies are reviewed periodically to ensure their relevance.

6. BUSINESS PROSPECTS:

The Company closed the Fiscal Year 2011-2012 with a growth of 22.25% in terms of tonnage and 29.13% in terms of revenue as compared to the previous year. Bulk of this growth has come from the mining space. The Company continued its pace of customer addition in this business segment. The Company today services different mineral ores like iron, copper, gold, platinum and zinc for blue chip mining customers in geographies like USA, Canada, Brazil, South Africa, Australia, etc.

The global economic recovery that began in 2009 again showed signs of distress in the Fiscal Year and brought increased economic un-certainty. With reported issues in Europe, slow-down in China and un-certain growth in US, there is a lot of skepticism in terms of economic prospects going forward. The Company derives bulk of its revenues from consumable wear parts used in Cement, Mining and Utility industries and its revenues to that extent are shielded from the significant pull back in capital spending.

The Company continues to build on its market share in the Cement and Utility segments while investing in new segments like Aggregate crushing (Quarry) for which it remains very bullish.

For the upcoming Fiscal Year, i.e. 2012-13, the Company expects to further increase its market share in the mining space by targeting increased business from existing customers as well as new customers. In the Cement market, the company will continue to focus on countries with high growth potential.

In the utility market in India, there is a lot of optimism in relation to the planned commissioning of coal fired thermal power stations in the country and the Company will continue to benefit from its strong presence in this market.

7. FUTURE EXPANSION:

AIAE's effective capacity at end of Fiscal Year 2011-2012 stood at 200,000 Metric tons. The Company is also in the process to chart out further expansion plans through a combination of Greenfield and Brownfield projects whereby the Company would be in a position to increase the overall capacity by additional 100,000 tons per annum.

8. SUBSIDIARY COMPANIES:

As required under the Listing Agreements with the Stock Exchanges and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements being prepared by the Company includes financial information of its Subsidiaries.

In accordance with the provisions laid down in Section 212 of the Companies Act, 1956, the Company is required to attach the Annual Accounts of the Subsidiary Companies to its Annual Accounts.

Pursuant to the General Circular No. 2/2011 of the Central Government, Ministry of Corporate Affairs and its Order No. 5/12/2007-CL-III dated 8th February, 2011, the Balance Sheet, Statement of Profit and Loss Accounts and other documents of Subsidiary Companies are not being attached with the Balance Sheet of the Company.

The Company has Subsidiaries in India and Abroad. In compliance with the said Circular, a statement containing brief financial details of these companies for the year ended 31st March, 2012 forms part of this Annual Report. The Annual Accounts of the Subsidiary Companies will be available for inspection by any member at the Registered Office of the Company and also at the respective Subsidiary Companies. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the Company seeking such information at any point of time.

9. INSURANCE:

The Company has taken adequate insurance coverage of all its assets and Inventories against various calamities viz. fire, floods, earthquake, cyclone etc.

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. INDUSTRIAL RELATIONS:

The Company is extremely sensitive in dealing with its staff and workers and continues to take steps towards achieving the highest standards of industrial harmony. All statutory compliances are maintained and its focused efforts towards nurturing its Staff are



reflected in its work culture. Company has always tuned its policy and process to help staff and workers to have a quality life and keep high morale in the organization. Company has continued regular interaction with the business and industrial fraternity through prestigious institutions like Confederation of Indian Industries (CII), Gujarat Chamber of Commerce and Industries (GCCII), Ahmedabad Management Association (AMA) and other recognized associations and institutes.

12. 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-authorized 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. Kunte & Associates, Chartered Accountants, Ahmedabad.

13. CORPORATE GOVERNANCE:

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate report on Corporate Governance and Practicing Company Secretaries Report thereon are included as a part of the Annual Report.

14. MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA):

MDA covering details of operations, International markets, Research and Development, Opportunities and Threats etc. for the year under review is given as a separate statement, which forms part of this Annual Report.

15. DIRECTORS:

Mr. Rajendra S. Shah and Dr. S. Srikumar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment.

The Board recommends the re-appointments of Mr. Rajendra S. Shah and Dr. S. Srikumar, as Directors of the Company.

16. STATUTORY AUDITORS:

M/s. Talati & Talati, Chartered Accountants, the Company's Statutory Auditors will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received a letter to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

17. 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 2011-12.

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

18. PARTICULARS OF EMPLOYEES:

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended are given as an Annexure - A to this report.

19. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are provided as an Annexure-B to this report.

20. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, your Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;

- (ii) sound accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2012 and the Profit for the year ended on that date;
- (iii) proper and sufficient care has been taken 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) the Annual Accounts have been prepared on a going concern basis.

21. SUSTAINABLE DEVELOPMENT:

The Company is firm in its commitment towards sustainable growth and its social responsibility. Various initiatives are planned which are explained in more detail in Annexure 'C' of this report.

22. Environment, Health and Safety:

The Company is committed to health and safety of its employees, contractors and visitors. We are compliant with all EHS Regulations stipulated under the Water (Prevention and Control of Pollution) Act, The Air (Prevention and Control of Pollution) Act, The Environment Protection Act and The Factories Act and Rules made thereunder. Our mandate is to go beyond compliance and we have made a considerable improvements.

23. ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors and Government bodies during the year under review. Your Directors place on record their appreciation of the contributions made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board,

Place : Ahmedabad
ate : 30th May, 2012

(Rajendra S. Shah)
Chairman

ANNEXURE- "A" TO THE DIRECTORS' REPORT

Information under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 and forming part of the Directors' report for the year ended 31st March, 2012.

- (A) Employed throughout the financial year under review and were in receipt of remuneration for the Financial Year in the aggregate of not less than ₹ 6.00 Lacs p.a.

1. Name	Shri Bhadresh K. Shah
2. Age	61 Years
3. Qualification	B.Tech Metallurgical
4. Designation	Managing Director
5. Date of commencement of employment.	1.4.1991
6. Experience	35 Years
7. Remuneration	₹ 77.91 Lacs p.a.
8. a) Particulars of last employment:Employer	Ahmedabad Induction Alloys Ltd.
b) Last Post	Managing Director
c) No. of Years	12 Years

- (B) Employed for part of the Financial Year under review and were in receipt of remuneration at the rate of not less than ₹ 5 Lacs per month : Nil

For and on behalf of the Board,

Place : Ahmedabad
Date : 30th May, 2012

(Rajendra S. Shah)
Chairman

**ANNEXURE – “B” TO THE DIRECTORS’ REPORT**

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the year ended 31st March, 2012.

FORM - A**A) CONSERVATION OF ENERGY :**

- (i) Conversion of G. M. Heat Treatment Furnaces from LDO to PNG combustion system with incorporation of Technologically advanced recuperator and increased loading will reduce energy consumption as well as Green House Gases Emission.
- (ii) Installation of Technologically advanced Fixed Hearth Furnaces with Fully automatic Loader in place of conventional Bogie Hearth Furnaces will reduce energy losses as well as Green House Gases Emission.

(I) POWER & FUEL CONSUMPTION:

Particulars	Current Year 2011-2012	Previous Year 2010-2011
Electricity		
a) Purchased Units	173,993,723	146,741,352
Total Amount (₹ Lacs)	11,536.90	8,435.61
Rate/Unit/(₹)	6.63	5.75
b) Own Generation		
Through Diesel Generator Unit	50,619	72,366
Unit per Litre of Diesel Oil	1.69	2.87
Cost/Unit (₹)	26.90	14.70
c) Through Steam Turbine/Generator		
Units	N.A.	N.A.
Units per Ltr. of Fuel/Oil/Gas	N.A.	N.A.
Cost/Unit (₹)	N.A.	N.A.
d) Coal(Specify Quantity and where used)		
Quantity (in Tons)	N.A.	N.A.
Total cost (₹)	N.A.	N.A.
Average Rate/(₹)	N.A.	N.A.
e) Light Diesel Oil		
Quantity (in Ltrs)	2,936,265	3,274,660
Total Amount (₹ Lacs)	1,283.73	1,279.82
Average Rate (₹)	43.72	39.08
f) Others/Internal Generation. PNG		
Quantity Unit (SCM)	1,584,872	553,757
Total Cost (₹ Lacs)	725.92	122.87
Rate/Unit (₹)	45.80	22.20

II. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Current Year 2011-2012	Previous Year 2010-2011
Product:		
Castings Unit (Tonnes)	105,170	86,026
Electricity per Ton of Castings (Units)	1,654	1,706

FORM - B
(A) TECHNOLOGY ABSORPTION :
I. RESEARCH & DEVELOPMENT (R & D)
a) Specific areas in which R & D carried out by the Company.

- Development of new alloys of High Chrome Grinding Media for application in Mining Industry.

b) Benefits derived as a result of the above R & D.

- High Chrome Grinding Media is expected to perform superior to forged Grinding Media presently being used in the Industry.

c) Future plans of action.

- Continue to introduce solutions with higher performance.

d) Expenditure on R & D (₹ Lacs).

1. Capital - Nil
2. Recurring - Nil
3. Total - Nil
4. Total R & D expenditure as percentage of total turn over - Nil.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
a) Efforts in brief made towards technology absorption, adaptation and innovation.

- Installation of fully automated facility for heat treatment of big castings.

b) Benefits derived as a result of the above efforts.

- Reduction in manpower.
- Safe and efficient Operation.

c) Imported technology.

Equipment and technology imported from Itlay.

d) Foreign Exchange Earnings and outgo:

(₹ Lacs)

Particulars	Year ended 31.3.2012	Year ended 31.3.2011
i) Total foreign exchange used	13,044.58	9,246.44
ii) Total foreign exchange earned	75,602.15	56,717.19

For and on behalf of the Board,

Place : Ahmedabad
Date : 30th May, 2012

(Rajendra S. Shah)
Chairman

ANNEXURE – “C” TO THE DIRECTORS’ REPORT

Corporate Sustainability

AIA is geared to meet evolving customer expectations; comply with present and future regulations; build brand reputation and adopt sustainable growth strategies. Sustainable Development is particularly relevant for us since we service environmentally sensitive industry sectors (mining, cement, power, aggregate and utilities) and are present in diverse and global geographies. AIA’s sustainability drivers are represented below:



Keeping in view expected future regulation, customer’s requirement and its reputation, the Company has decided to implement Sustainability initiatives in the following operational areas:

Reducing our Carbon Footprint

An external agency has been hired to assist in preparing our Green House Gas (GHG) Inventory from all our activities and operations. Once we have calculated our GHG emissions, we hope to take on reduction targets per ton of production. Our tree plantation project at the Air Force Base in Chiloda, Gandhinagar is making progress with 7500 trees already planted. Plant level initiatives such as switch over to low carbon fuels and process efficiency are being implemented at all our facilities.

Reducing our Water Footprint

AIA plans to treat all its domestic and industrial waste water and reuse it. Work planned on sewage and effluent treatment will be commissioned in the current Financial Year. It will cover all facilities in Ahmedabad and will enable us to reduce our fresh water requirement by 150 m3 per day. Through rain water harvesting we hope to recharge more than .327 MM3 (million meter cube) of water this monsoon.

Waste Minimization and Recycling

The management of AIA has made it a priority to reduce the consumption of fresh sand by sand reclamation and reusing discarded sand, fines and slag residue in making non structural bricks and blocks. Samples bricks and blocks have been developed and tested. The project will be scaled in the current Financial Year.

Environment, Health and Safety

In the current Financial Year, in line with our commitment to devote relevant resources and management priority, we have inducted a senior person to head the EHS Division. Moreover, a new variable bonus scheme has been introduced for all our plant staff wherein a portion of their salary will be linked to improvement in EHS performance at the plant level. Senior Management is actively involved in improving the work area environment through monthly review meetings chaired by the Managing Director.

Our Sustainability Policy and Charter has undergone revision. It was the result of consultation with employees, customers and regulatory authorities. Key sustainability issues, risks and opportunities relevant to our company were incorporated.

SUSTAINABILITY POLICY AND CHARTER

Vision

To deliver superior value to our customers, shareholders, employees, environment and society.

Sustainability Policy

We, AIA Engineering Ltd., are the solution provider and supplier of wear resistant and allied components for applications in cement, power, mining, aggregate manufacturing and other industry segments. We recognize sustainable development as a corporate priority and key to our growth and commit ourselves;

1. To integrate environmental, social and economic policies and practices into business processes and conduct our business in a fair and ethical manner.
2. To set objectives and targets for continual improvement and periodically review our performance.
3. To regularly engage with our stakeholders to understand and address their concerns and expectations.
4. To comply with the applicable statutory requirements and global charters subscribed by us.
5. To continuously upgrade technology and infrastructure and remain EVA +.
6. To develop and offer products and services of superior quality, which are efficient, safe and environment friendly.
7. To integrate and train our people to conduct their business in line with company policies.

This policy has been communicated to all the employees and is available to public on demand.

Sustainability Charter

Economic

The organization is committed to remain EVA positive by:

- ⤴ Following good governance practices,
- ⤴ Continuously upgrading technology and infrastructure, and
- ⤴ Continually improving quality, productivity and optimizing manufacturing cycle

Human Rights

- ⤴ We are committed to continually improve our human capital through integration and growth of our people
- ⤴ We follow the policy of freedom of association, collective bargaining, non-discrimination and non employment of forced or child labor
- ⤴ We encourage our suppliers and sub-contractors to adhere to HR principles followed by AIA Engineering

Sustainable Business Growth

- ⤴ We are committed to sustainable business growth by consistently striving to expand our current market share and developing unserved markets. We shall achieve this by introducing new technologies and new products conforming to our sustainability policy
- ⤴ We will ensure that our products are energy efficient, reduce ecological footprints and minimize waste
- ⤴ We shall foster social entrepreneurship and encourage community driven activities to generate and distribute wealth in our neighborhood
- ⤴ The organization will periodically carry out risk assessments, implement and review management plans

Environment, Health and Safety

- ⤴ We believe that continual improvement in Health, Safety and Environmental performance will contribute to the sustainable growth of our organization.
- ⤴ We are committed to promoting EHS Management practices in our organization by ensuring statutory compliance, training and awareness, periodic health examination, safe work environment and work practices.

Resource Conservation and Climate Change

- ⤴ The organization is committed to utilizing natural resources in an efficient manner by adopting the policy of Reduce, Recover, Renew, Reuse & Recycle (5R).
- ⤴ We will reduce energy consumption in our operations by implementing energy efficiency measures,
- ⤴ We will promote use of renewable energy.
- ⤴ We shall consistently reduce our carbon footprint.

Community Development

- ⤴ AIA Engineering recognizes that the community in and around its enterprises is an important stakeholder and can offer conducive environment for business growth. We commit ourselves to contribute our share towards improving their quality of life.

Knowledge Management

- ⤴ AIA Engineering is developing its knowledge base through
 - Innovation and Research,
 - Partnering with customers ,
 - Keeping abreast with latest developments in technology.
- ⤴ Promoting internal communication to develop and share individual knowledge and experience across the organization.

**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance aims at assisting the management of the Company in the efficient conduct of the business and in meeting its responsibilities to all the stakeholders. The Company always strives to achieve optimum performance at all levels by adhering to good Corporate Governance practices, such as:

- Fair and transparent business practices.
- Effective management control by Board.
- Adequate representation of Promoters and Independent Directors on the Board.
- Monitoring of executive performance by the Board.
- Compliance of Laws.
- Transparent and timely disclosure of financial and management information.

The Company's Corporate Governance philosophy has been further strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for prevention of Insider Trading. The said Code of Conduct for prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (SEBI) Prevention of Insider Trading Regulations in this regard.

We take pleasure in reporting that your Company has complied in all respects with the features of Corporate Governance specified in Clause 49 of the Listing Agreement.

I. BOARD OF DIRECTORS**(A) Composition of the Board:**

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Mr. Rajendra S. Shah. The present strength of the Board of Directors is 7 which include 1 Executive - Promoter Director, 1 Executive - Whole-time Director, 4 Independent - Non-Executive Directors and 1 Non Independent - Non-Executive Director in terms of Clause - I (A) (iii) of Clause 49 of the Listing Agreement. Board represents a balance mix of professionalism, knowledge and expertise.

Board Meetings / Director's Particulars:

Company's Board met Five times during the year under review on 30th May, 2011, 2nd July, 2011, 12th August, 2011, 10th November, 2011 and 7th February, 2012. The Company holds one Board Meeting in each quarter and the gap between any two Board Meetings was not more than four months as prescribed under the Listing Agreement. Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, foreign companies and Alternate Directorships) and the Memberships / Chairmanships of Board Committees other than your Company as on 31st March, 2012 are as follows:

Name of the Director	Category	Board Meetings Attended	Attendance at the Last AGM held on 12.08.2011
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	5	Present
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	5	Present
Mr. Vinod Narain	Independent	—	Absent
Dr. S. R. Ganesh*	Independent	1	Absent
Mr. Bhupendra A. Shah	Independent	5	Present
Mr. Sanjay S. Majmudar	Independent	5	Present
Dr. S. Srikumar	Non Independent - Non Executive	2	Absent
Mr. Yashwant M. Patel (Whole-time Director)**	Non-Independent - Executive	5	Present

* Resigned as Director of the Company w.e.f. 30.05.2011.

** Appointed as Whole-time Director by the Board of Directors in their meeting held on 30.05.2011

Number of Directorships & Committee Memberships/Chairmanships in other Public Companies (excluding Private & Foreign Companies):

Name of the Director	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Rajendra S. Shah	4	1	None
Mr. Bhadresh K. Shah	1	None	None
Mr. Vinod Narain	1	None	None
Dr. S. R. Ganesh	None	None	None
Mr. Bhupendra A. Shah	None	None	None
Mr. Sanjay S. Majmudar	5	2	1
Dr. S. Srikumar	1	None	None
Mr. Yashwant M. Patel	None	None	None

(B) Independent Directors' Compensation and Disclosures:

Independent Directors are paid sitting fees in accordance with the applicable laws.

The Board of Directors at their meeting held on 30th January, 2010 has decided to pay a sitting fees of ₹15,000 for attending a Board Meeting and ₹10,000 for attending a Audit Committee Meeting.

Role of Independent / Non-Independent – Non Executive Directors:

The Independent Directors / Non-Independent – Non-Executive Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in their respective fields.

(C) Information available to the members of the Board:

All the information as specified in – Annexure – I (A) of Clause 49 of the Listing Agreement is provided to the Board of Directors. Information like businesses to be transacted at Board Meeting is submitted well in advance through electronic mail mode and agenda papers are submitted to them during the course of Board Meetings.

(D) Code of Conduct:

Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company www.aiaengineering.com. All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

II. COMMITTEES OF THE BOARD:

The Company has three (3) Board level Committees, namely:

- Audit Committee;
- Shareholders' / Investors' Grievance Committee and
- Remuneration Committee.

a) AUDIT COMMITTEE:

As on 31st March, 2012, the Audit Committee comprise of 4 Independent Directors. Names of the members and the Chairman of the Committee as on 31st March, 2012 together with their attendance are given in the following table.

Name of the Member / Chairman	No. of Meetings	Meetings Attended
Mr. Rajendra S. Shah - Chairman	4	4
Mr. Vinod Narain	4	—
Mr. Bhupendra A. Shah	4	4
Mr. Sanjay S. Majmudar	4	4

During Financial Year 2011-12, four (4) Audit Committee meetings were held on 30th May, 2011, 12th August, 2011, 10th November, 2011 and 7th February, 2012. Necessary quorum was present in all the meetings. The time gap between any two Audit committee meetings was not more than four months.

Mr. Rajendra S. Shah, Chairman of the Audit Committee attended the last Annual General Meeting (AGM).

The Managing Director, Executive Director (Finance), Statutory Auditors and Internal Auditors are invited to attend the meetings of the Audit Committee.



Mr. S. N. Jetheliya, Company Secretary acts as Secretary of the Committee.

The terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Brief description of terms of reference:

- i) Supervision of the Company's financial reporting process.
- ii) Reviewing with the management, the financial results before placing them to the Board with a special emphasis on accounting policies and practices, internal controls, compliance with the accounting standards and other legal requirements concerning financial statements.
- iii) Reviewing the adequacy of internal control systems and internal audit functions including their policies, procedures, techniques and other regulatory requirements with the statutory auditors.
- iv) Reviewing the Company's financial and Risk Management policies.
- v) Recommending the appointment and removal of external auditors and their remuneration.
- vi) Keeping watch on timely payment to Shareholders, creditors etc.
- vii) Reviewing of significant Related Party Transactions, if any.
- viii) Reviewing Management Discussion and Analysis of financial condition and result of operations.
- ix) Reviewing the performance of the Statutory and Internal Auditors and appointment, removal and terms of remuneration of Chief Internal Auditors.

b) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders'/Investors' Grievance Committee of Directors to look into the:

- (i) Redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared Dividends etc.
- (ii) Oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services.

Composition, Name of Members and Chairperson:

1. Mr. Rajendra S. Shah - Chairman
2. Mr. Bhadresh K. Shah - Member

Mr. S. N. Jetheliya, Company Secretary acts as the Compliance Officer of the Committee.

Meetings and attendance during the year:

The Committee meets on need basis. During the year under review Committee met Four times on 30th May, 2011, 12th August, 2011, 10th November, 2011 and 7th February, 2012.

Number of Shareholders complaints received so far:

During the period under review, Company did not receive any Complaint from any Shareholder. There is no outstanding complaint as on 31st March, 2012.

Number of Complaints not resolved to the satisfaction of shareholders: Nil

Number of pending share transfers: Nil

c) REMUNERATION COMMITTEE:

Brief description of terms of reference:

To formulate a remuneration policy and recommend/review the remuneration payable to the Executive Directors.

Remuneration Policy:

To review the remuneration package of the Managing Director / Whole-time Director etc. and recommend suitable revision to the Board.

In view of the resignation of Dr. S. R. Ganesh from the Directorship of the Company who was also the member of the Remuneration Committee, the Board of Directors of the Company in their meeting held on 30th May, 2011 re-constituted the Remuneration Committee.

Composition, Name of Members and Chairperson of re-constituted Remuneration Committee are:

1. Mr. Rajendra S. Shah - Chairman
2. Mr. Bhupendra A. Shah - Member
3. Mr. Sanjay S. Majmudar - Member

Meeting and Attendance during the year:

Two meetings of Remuneration Committee were held during the year under review on 30th May, 2011 and 2nd July, 2011.

Details of remuneration to all the Directors:

The details of remunerations paid to the Managing Director and Whole-time Director during the year 2011 - 2012 are given below:

(₹ Lacs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	66.00	11.91	77.91
Mr. Yashwant M. Patel, Whole-time Director	7.20	—	7.20

The Company does not have any stock option plan or performance linked incentive for the Executive Directors.

The details of Sitting Fees paid to the Independent Directors for attending Board and Committee Meetings during the Financial Year 2011-2012 is given below:

(₹ Lacs)

Name of the Director	Sitting Fees Paid
Mr. Rajendra S. Shah	1.15
Dr. S. R. Ganesh	0.15
Mr. Bhupendra A. Shah	1.15
Mr. Sanjay S. Majmudar	1.15

Mr. S. N. Jetheliya, Company Secretary acts as the Secretary of the Committee.

III. SUBSIDIARY COMPANIES:

Company has one Non-Listed Indian Subsidiary. None of the Non-Listed Indian Subsidiary of the Company comes under the purview of the Material Non-Listed Subsidiary. However, the particulars of the significant transactions and the Financial Statements of Subsidiary, in particular, the investments, if any made during the quarter are reviewed by the Audit Committee of the Company.

The Copy of Minutes of the meetings of the Board of Directors of the Un-listed Subsidiary Company is placed in the subsequent Board Meeting of the Company.

IV. DISCLOSURES:
(A) Related Party Transactions:

The Company has not entered into transactions of material nature with related parties i.e. Directors or Management, their subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee / Board regularly for its approval. The details of Related Party Transactions are disclosed in financial section of this Annual Report.

(B) Disclosure of Accounting Treatment:

In the preparation of the Financial Statements, the Company has followed Accounting policies and Practices as prescribed in the Accounting Standards and there is no change in the accounting treatment except the treatment of Export – benefits on Accrual Method in place of Receipt Method during the year under review.

(C) Board Disclosure – Risk Management:

The Company has laid down procedures for the Risk Assessment and its Minimisation. These procedures are periodically reviewed by the Audit Committee / Board to ensure that executive management controls risk through means of a properly defined framework.

(D) The Company has not come out with any Public Issue, Right Issue or Preferential Issue etc. during the year under review.

**(E) REMUNERATION OF DIRECTORS:**

The details of remunerations paid to the Managing Director and Whole-time Director during the year 2011-2012 are given below:

(₹ Lacs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	66.00	11.91	77.91
Mr. Yashwant M. Patel, Whole-time Director	7.20	—	7.20

The Company does not have any stock option plan or performance linked incentive for the Executive Directors.

The details of Sitting Fees paid to the Independent Directors for attending Board and Committee Meetings during the Financial Year 2011-2012 is given below:

(₹ Lacs)

Name of the Director	Sitting Fees Paid
Mr. Rajendra S. Shah	1.15
Dr. S. R. Ganesh	0.15
Mr. Bhupendra A. Shah	1.15
Mr. Sanjay S. Majmudar	1.15

The Directors' Remuneration Policy of your Company conforms to the provisions under Companies Act, 1956. The Board determines the remuneration of the Non-Executive Directors.

(F) MANAGEMENT**(i) Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

(ii) Disclosure of material Financial and Commercial Transactions:

As per the disclosures received from the Senior Management, no material Financial and Commercial transactions that may have a potential conflict with the interest of the Company at large were taken place during the year under report.

(G) SHAREHOLDERS:**(i) Disclosures regarding appointment or re-appointment of Directors:**

The Board of Directors of the Company in their meeting held on 30th May, 2011 appointed Mr. Yashwant M. Patel as a Whole-time Director of the Company for a period of three years with effect from 01.04.2011.

Dr. S. Srikumar and Mr. Rajendra S. Shah, Directors of the Company will retire by rotation at the ensuing 22nd Annual General Meeting and being eligible, have offered themselves for re-appointment.

The brief resumes and other information of the above retiring Directors as required to be disclosed under this section are provided in the notice of the Annual General Meeting.

(ii) Quarterly / Half yearly results are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed and the same is posted on Company's website.**(iii) Shareholding of Non-Executive Directors as on 31st March, 2012 is as under:**

Name of Director	Number of Shares
Mr. Rajendra S. Shah	805
Mr. Vinod Narain	NIL
Mr. Bhupendra A. Shah	120
Mr. Sanjay S. Majmudar	15120
Dr. S. Srikumar	NIL

(H) COMPLIANCE BY THE COMPANY:

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Further, during the last three years, no penalties were imposed or strictures were passed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

V. CEO / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION:

The Managing Director and the Executive Director (Finance) of the Company have certified to the Board that the Financial Results of the Company for the year ended 31st March, 2012 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required under Clause 49 (V) of the Listing Agreement.

VI. MEANS OF COMMUNICATION:

- (1) The quarterly and half yearly results are published in widely circulating national and local dailies such as "Economic Times" in English and Gujarati. These results are not sent individually to the shareholders but are put on the website of the Company.
- (2) The Company's results are displayed on the Company's website address: www.aiaengineering.com. The Company holds meetings with the investors and analysts.

VII. GENERAL BODY MEETINGS: (LAST THREE YEARS DISCLOSURES)
GENERAL MEETING:
ANNUAL GENERAL BODY MEETINGS:

The particulars of the last three Annual General Meetings held are given hereunder:

Location, date and time for last 3 Annual General Meetings were:

Financial Year	Date	Venue	Time
2010-11	12.08.2011	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2009-10	12.08.2010	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2008-09	23.09.2009	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.

The following special resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on 12.08.2011:

To take approval for the appointment of Powertec Engineering Pvt. Ltd. to hold Office or Place of Profit under Section 314 of the Companies Act, 1956.

Annual General Meeting held on 12-08-2010:

To take approval under Section 314 of the Companies Act, 1956 for holding of Office or Place of Profit.

Annual General Meeting held on 23-09-2009 : NIL
VIII. GENERAL SHAREHOLDERS' INFORMATION:

Date and Time of 22nd AGM	:	Monday, the 13th August, 2012 at 10.00 A.M.
Venue of AGM	:	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
Financial Year	:	31st March, 2012.
Book Closure Date	:	4th August, 2012 to 13th August, 2012 (both days inclusive)
Registered Office Address	:	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	:	Within 30 days from the date of declaration of dividend.
Compliance Officer	:	Mr. S. N. Jetheliya, Company Secretary
Email for Redressal of Investors' Complaints in terms of Clause 47 (f) of the Listing Agreement	:	ric@aiaengineering.com
Website	:	www.aiaengineering.com
Financial Calendar (subject to change) for the Financial Year 2012-13:		
First Quarter Results	:	On or before 14th August, 2012
Second Quarter & Half Yearly Results	:	On or before 14th November, 2012
Third Quarter Results	:	On or before 14th February, 2013
Audited Results for the year 2012-13	:	On or before 30th May, 2013



(a) Listing on Stock Exchanges:

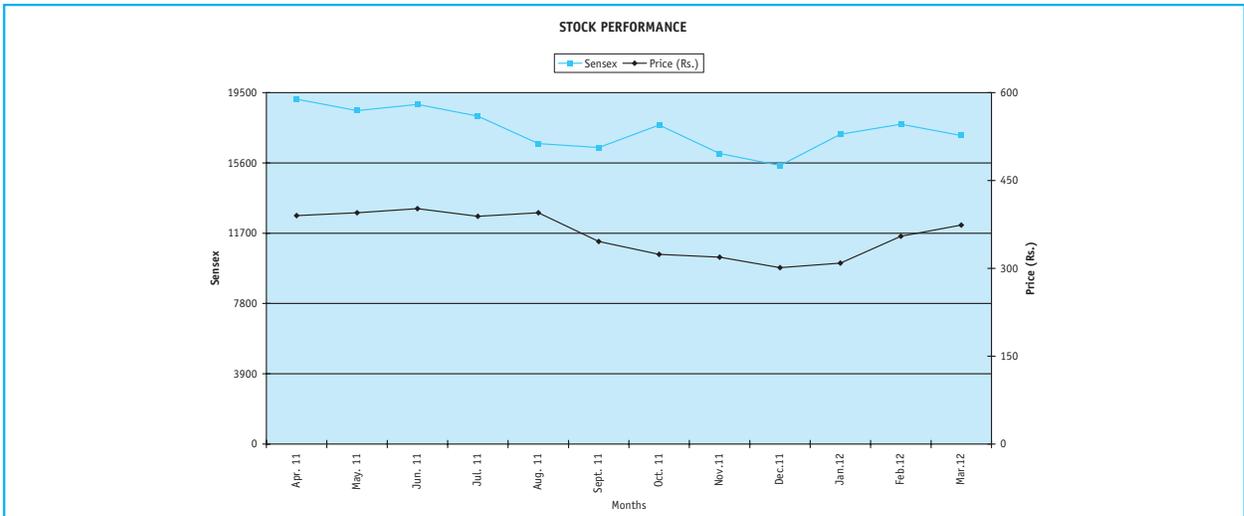
Name and Address of the Stock Exchanges	Scrip Code
Bombay Stock Exchange Limited 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001	532683
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AIAENG

The listing fees for the year 2012-13 have been paid to both the Stock Exchanges.

(b) Market Price Data:

The securities of the Company have been listed on BSE and NSE. The stock market prices were as under:

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 11	19,135.96	388.90	343.00	390.00	337.00
May 11	18,503.28	390.00	346.00	395.00	345.25
June 11	18,845.87	400.95	349.00	402.00	343.05
July 11	18,197.20	388.00	365.00	389.00	361.00
Aug. 11	16,676.75	393.00	321.65	395.00	322.05
Sept. 11	16,453.76	344.80	298.20	346.00	290.50
Oct. 11	17,705.01	318.80	299.05	324.00	301.15
Nov.11	16,123.46	317.00	270.00	319.00	270.00
Dec.11	15,454.92	301.95	250.10	301.30	265.00
Jan.12	17,193.55	307.00	267.05	308.95	260.35
Feb.12	17,752.68	359.00	289.00	354.80	286.10
Mar.12	17,121.62	395.30	326.35	374.00	337.55



(c) Registrar & Transfer Agents:
MUMBAI OFFICE:
Link Intime India Private Limited

C/13, Pannalal Silk Mills Compound,

Kantilal Maganlal Ind. Estate,

L.B.S. Marg, Bhandup (West),

MUMBAI – 400 078

Phone No. 022-25960320-28 Fax No. 022-25960329

Email : isrl@vsnl.com

AHMEDABAD BRANCH OFFICE:
Link Intime India Private Limited

303, 3rd Floor, Shopper's Plaza – V,

Nr. 5 Government Society, Opp. Municipal Market,

C. G. Road, Navrangpura,

AHMEDABAD - 380 009

Phone – 079-26465179

email:ahmedabad@linkintime.co.in

(d) Share transfer System:

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

(e) Distribution of Shareholding:
(i) Shareholding pattern as on 31st March, 2012.

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	—	58149120	58149120	61.65
Mutual Funds & UTI	—	7043628	7043628	7.47
Banks, FI & Insurance Companies	—	500	500	—
Foreign Financial Institutions	—	24032873	24032873	25.48
NRIs	—	55564	55564	0.06
Other Corporate Bodies	—	3569553	3569553	3.79
Indian Public	630	1468502	1469132	1.55
Total	630	94319740	94320370	100.00

(ii) Distribution of Shareholding as on 31st March, 2012.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	8351	96.0548	751367	0.7966
501 to 1000	135	1.5528	102146	0.1083
1001 to 2000	66	0.7591	92707	0.0983
2001 to 3000	28	0.3221	71074	0.0754
3001 to 4000	11	0.1265	39279	0.0416
4001 to 5000	19	0.2185	89273	0.0946
5001 to 10000	14	0.1610	93730	0.0994
10001 & above	70	0.8052	93080794	98.6858
Grand Total	8694	100.0000	94320370	100.0000
Shareholders in Physical Mode	7	0.0800	630	—
Shareholders in Electronic Mode	8687	99.9200	94319740	100.0000

(f) Dematerialisation of Shares & Liquidity:

The Shares of the Company are compulsorily traded in DEMAT form in the Stock Exchanges where they are listed. The shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st March, 2012, 94,319,740 Equity Shares are in Dematerialised Form representing 99.99% of the total 94,320,370 Equity Share Capital of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

(g) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely Impact on Equity:

The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

**(h) Outstanding Shares in Unclaimed Suspense Account of the Company:**

The following outstanding Shares are lying in the Unclaimed Suspense Account of the Company as on 31st March, 2012:

Sr. No.	Particulars	No. of Shareholders	Unclaimed Shares
1	Aggregate No. of Shareholders and the outstanding Shares lying in the Unclaimed Suspense Account at the beginning of the year.	7	700
2	No. of Shareholders approached the Company for transfer of Shares from Unclaimed Suspense Account during the year.	—	—
3	No. of Shareholders to whom Shares were transferred from Unclaimed Suspense Account during the year.	—	—
4	Aggregate No. of Shareholders and the outstanding Shares lying in the Unclaimed Suspense Account at the end of the year.	7	700

(i) Plant Locations:

- 235-236 & Other Plants at G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410
- 129/129-A, G.V.M.M. Estate, Odhav Road, (erstwhile Reclamation Welding Ltd.) Odhav, Ahmedabad – 382 410
- Plot Nos. 70-77, Survey Nos. 423/P, 426/P & 427/P, Mahagujarat Industrial Estate, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- 18/P, 20th Mile Stone, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- Plot No. 14, (Survey No. 67, 67A & 70), Girnar Scooter Compound, Odhav, Ahmedabad – 382 410
- L-3, MIDC Industrial Area, (erstwhile Paramount Centrispun Castings Pvt. Ltd.) Hingna, Nagpur - 440016

(j) Address for Correspondence:

- a) For transfer / dematerialisation of Shares, change of address of members and other queries:

MUMBAI OFFICE:

Link Intime India Private Limited
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West), **MUMBAI – 400 078**
Phone No. 022-25960320-28 Fax No. 022-25960329
Email : isrl@vsnl.com

AHMEDABAD BRANCH OFFICE:

Link Intime India Private Limited
303, 3rd Floor, Shopper's Plaza – V,
Nr. 5 Government Society, Opp. Municipal Market,
C. G. Road, Navrangpura, **AHMEDABAD - 380 009**
Phone – 079-26465179
email:ahmedabad@linkintime.co.in

- b) Any query relating to Dividend, Annual Reports etc.
Mr. S. N. Jetheliya,
Company Secretary & Compliance Officer
AIA Engineering Limited
115, GVMM Estate, Odhav Road, Odhav, **AHMEDABAD-382 410**
Phone No. 079-22901078-81 Fax No. 079-22901077 Email: snj@aiaengineering.com
Investors' related query mail to ric@aiaengineering.com

Details of Non-Compliance

There was no non-compliance during the year and no penalty has been imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other Statutory Authority. The Company has obtained a Certificate from the Practicing Company Secretaries on Corporate Governance and has attached the certificate with the Directors' Report and the same will be sent to all the Shareholders of the Company. The same certificate shall also be sent to all the concerned Stock Exchanges along with the Annual Reports filed by the Company.

Practicing Company Secretaries Certificate on Corporate Governance

A certificate has been issued by M/s. Tushar Vora & Associates, Practicing Company Secretaries with regard to compliance of conditions of Corporate Governance is attached to this report.

NON-MANDATORY REQUIREMENTS**a) Chairman of the Board**

A Non-Executive Chairman heads the Board of the Company.

b) Remuneration Committee

The Board has constituted a Remuneration Committee consisting of three Non-Executive Directors.

c) Shareholder Rights

As the Quarterly, Half Yearly and Annual Results are published in leading newspapers having wide circulation, the same are not sent to the Shareholders of the Company individually.

d) Postal Ballot

No Postal Ballot was conducted during the year under review.

e) Whistle Blower Policy:

The Company promotes ethical behaviour in all its business and has put in place a mechanism of reporting of (i) Bribery and Corruption (ii) Financial Misappropriation and other illegal or unethical behaviour. The Company has a Whistle Blower Policy wherein the employees are free to report above violations directly to the Managing Director in a sealed envelope or to an email id provided in the Whistle Blower Policy.

The confidentiality of those reporting violations is maintained and they are not subject to any discriminatory practices and are suitably rewarded.

The above Corporate Governance Report was adopted by the Board of Directors at their meeting held on 30th May, 2012.

**PRACTICING COMPANY SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members of
AIA Engineering Limited,
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA ENGINEERING LIMITED for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that during the year ended 31st March, 2012, no complaint was received and hence no Investor Complaint is pending against the Company as on 31st March, 2012 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee and to us.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Tushar Vora & Associates**
Company Secretaries

TUSHAR M.VORA
Proprietor
C.O.P. No.: 1745

Place : Ahmedabad
Date : 30th May, 2012

DECLARATION

In compliance with Clause 49 of the Listing Agreement, I, Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2011-12.

Place : Ahmedabad
Date : 30th May, 2012

(Bhadresh K. Shah)
Managing Director



MANAGING DIRECTOR / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION

To,
The Board of Directors,
AIA Engineering Limited,
Ahmedabad-382 410

We, the undersigned, in our capacities as the Managing Director and Executive Director (Finance) of AIA Engineering Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2012 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions executed into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We are responsible for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Bhadresh K. Shah
Managing Director

Kunal D. Shah
Executive Director (Finance)

Place : Ahmedabad
Date : 30th May, 2012

Place : Ahmedabad
Date : 30th May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

AIAE manufactures and markets a wide range of High Chromium consumable wear parts (mill internals) which are used in the process of Crushing/Grinding in the Cement, Mining and Thermal power Industries. Infrastructure is the pivot on which economic development of any country rests. Cement, Mining and Utilities are the basic drivers of infrastructure development.

The Company employs alloy-casting process for manufacture of the products, which require designing of alloys in relation to end application. The casting process is followed by precision heat treatment to develop required end properties. Therefore, Company can generally be classified as a foundry. The industry produces a specific range of high chrome mill internals which are used as wear parts in the crushing / grinding operations in the mills/plants of Cement, Mining and Utility industries and therefore the market prospects are linked with the requirement of these industries.

AIAE services the cement industry as well as the mining industry globally having its presence in more than 75 countries worldwide. The global cement industry has been witnessing cyclical movement during last 3 fiscal years, and it appears that the overall outlook in the North American and European Markets continue to remain bearish. The Indian Cement Industry, having grown its capacity up to 300 Million Tonnes P.A. seems to have entered a phase of consolidation with the new capacity additions having slowed down and the Industry operating at an average capacity utilisation of around 75% only.

During the last fiscal year, the global mining industry has witnessed a strong commodity cycle and AIAE has been a beneficiary of the same.

In India, in addition to the above two industries, AIAE is also servicing the replacement and new capex requirements of coal fired thermal power plants and is thus directly catering to the power sector. India is projected to continue to be power deficit for the foreseeable future and hence a sustained growth in this particular segment in India is predictable.

B. SEGMENTWISE PERFORMANCE

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2011-12, 36.57% of its total sales came from India while balance 63.43% came from sales outside India.

C. OUTLOOK AND PROSPECTS

The Company is operating in a high technology oriented niche engineering segment, involving manufacturing of impact, abrasion and wear resistant, high chrome mill internal products used by cement, mining and utility industries. The Company services the 'replacement' demand of these industries and the OEM requirement for new capacities added.

In Fiscal Year 2011-12, the Cement markets of North America and Western Europe continued to remain sluggish and flat. The company has been successful in de-risking its cement business by spreading the geographical reach and also by strengthening the product portfolio. It is expected that the Cement demand in the developed countries may see some revival in Fiscal Year 2013-14. However since the company is predominantly focused on the Replacement demand, it is expected to continue servicing the Cement Industry more or less at the existing level in Fiscal Year 2012-13.

Growth prospects in mining industry are very exciting considering the fact that AIAE has already started servicing major mines in the key markets of Brazil, USA, Canada, Latin America, South Africa and Australia. The market opportunity in the mining industry is in excess of over 2.5 million tons per annum and the bulk of it is currently being serviced by conventional forged parts, which can be effectively substituted by cost effective high chrome wear parts and solutions developed by AIAE. AIAE is quite bullish on consistent and robust growth prospects of catering to the global mining industry.

On the domestic marketing front, your company continues to enjoy a significant share in all the three segments where it operates

Thus, the long term prospects continue to remain very optimistic.

The consolidated Installed capacity of the Company as at 31st March, 2012 stood at 200,000 tons per annum. The company has also charted out further expansion plans through a combination of green field and brown field projects whereby the company would be in a position to increase overall capacity by further 100,000 tons per annum so as to be effectively available partly in Fiscal Year 2013-14 and partly in Fiscal Year 2014-15.

D. RISKS AND CONCERNS

Given its large exports, the Company is exposed to foreign exchange rate fluctuation risk. The Company is closely monitoring the Currency movements, so as to mitigate the risks.

Another major area of risk is with regard to fluctuation in the raw material prices. However, the Company has converted major portion of its contracts from fixed price to fluctuating price regime. Again, the Company is closely monitoring the price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.



The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions.

E. INTERNAL CONTROL SYSTEM AND THE ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded & reported properly and to ascertain operating business risks, which is mitigated by regular monitoring and corrective actions.

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflects a true and fair view of the state of the Company's business.

The Company has successfully migrated to the SAP-ERP system in Fiscal Year 2009-10 and this has helped in further strengthening the Internal Control System.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them. Similarly the Internal Auditors are also monitoring the Internal Control Systems.

F. FINANCIAL PERFORMANCE REVIEW

The financial performance of the Company as a whole (on consolidated basis) is as under:-

I. Consolidated Performance

An analysis of the consolidated performance of the Company is given below:

- Physical Production**

The production achieved is as under:

Product	(Qty.in M.T)	
	F.Y.2011-12	F.Y.2010-11
High Chrome Mill Internals	148,963	128,772

- Sales Turnover (Consolidated)**

The comparative position of sales turnover achieved by the Company is as under:

Particulars	(₹ Lacs)	
	F.Y.2011-12	F.Y.2010-11
Sales in India (Net of Excise)	49,471.43	44,402.63
Sales Outside India	85,781.31	69,221.21
Total	135,252.74	113,623.84

- **Key Performance Indicators (Consolidated)**

An analysis of the key indicators as percentage to Revenue is given below:

(₹ Lacs)

Particulars	F.Y.2011-12	F.Y.2010-11
1 Revenue from Operations (Net)	141,666.64	116,065.68
2 Cost of Materials Consumed(Including Trading Purchase)	62,679.21	55,638.70
- % of revenue from operations	44.24%	47.94%
3 Employee Benefits Expense	6,488.52	5,226.05
- % of revenue from operations	4.58%	4.50%
4 Other Expenses	48,927.11	37,325.21
- % of revenue from operations	34.54%	32.16%
5 EBIDTA	28,657.13	27,376.50
- % of revenue from operations	20.23%	23.59%
6 Finance Costs	439.18	202.54
- % of revenue from operations	0.31%	0.17%
7 Depreciation and Amortisation Expense	2,944.43	2,539.70
- % of revenue from operations	2.08%	2.19%
8 Profit before Tax	25,273.52	24,651.02
- % of revenue from operations	17.84%	21.24%
9 Profit / (Loss) for the period After Tax & Minority Interest	18,045.86	18,339.26
- % of revenue from operations	12.74%	15.80%

II. Standalone performance

The analysis of standalone performance of the Company is given below:

III. Sales Turnover (Standalone)

The comparative position of sales turnover achieved by the Company is as under:

(₹ Lacs)

Particulars	F.Y.2011-12	F.Y.2010-11
Sales in India (Net of Excise)	45,243.34	39,390.76
Sales Outside India	75,602.15	56,717.19
Total	120,845.49	96,107.95

**IV. Key Performance Indicators (Standalone)**

An analysis of the key indicators as percentage to Revenue is given below:

(₹ Lacs)

	Particulars	F.Y.2011-12	F.Y.2010-11
1	Revenue from Operations (Net)	127,256.00	98,547.19
2	Cost of Materials Consumed(Including Trading Purchase)	62,799.81	46,874.96
	- % of revenue from operations	49.35%	47.57%
3	Employee Benefits Expense	4,178.36	3,413.81
	- % of revenue from operations	3.28%	3.46%
4	Other Expenses	38,856.48	30,831.74
	- % of revenue from operations	30.53%	31.29%
5	EBIDTA	24,759.72	21,066.14
	- % of revenue from operations	19.46%	21.38%
6	Finance Costs	213.40	2.38
	- % of revenue from operations	0.17%	0.00 %
7	Depreciation and Amortisation Expense	2,547.20	2,138.21
	- % of revenue from operations	2.00%	2.17%
8	Profit before Tax	21,999.12	18,925.55
	- % of revenue from operations	17.29%	19.20%
9	Profit After Tax	15,090.75	12,974.93
	- % of revenue from operations	11.86%	13.17%

In terms of costs, there was significant increase in input costs including main raw materials like melting scrap and ferro chromium. Further the company has also faced certain entry level pricing pressure in the Mining Segment. In addition, major currencies where the Company has an exposure, viz. Euro and USD also went through volatility. All these factors have affected the margin to an extent.

G) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company believes that human resource is the most important asset of the organisation. During the year under review, your Company continued its efforts to improve HR related processes, practices and systems to align these to the organisational objectives. Training and development of its employees is ensured through on the job and outside training programs and workshop.

The Company continues to attract excellent talent to further its business interest. Industrial Relations continue to be cordial.

CAUTIONARY STATEMENT

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities, laws & regulations. Actual results could differ from those expressed or implied, Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

None of the Senior Management personnel have Financial and Commercial transactions with the Company, where they have personal interest, that would / could emerge as potential conflict with the interest of the Company at large.

AUDITORS' REPORT

To,
The Members of
AIA Engineering Limited,
Ahmedabad

1. We have audited the attached Balance Sheet of **AIA ENGINEERING LIMITED** as at 31st March, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. Without qualifying our opinion, we draw attention to:

Note No.33 regarding derivatives contracts entered into by the Company to hedge Foreign Currency Risk, the notional Mark - to - Market loss on these unexpired contracts as on 31st March, 2012 amounting to ₹829.86 Lacs has not been considered in the Financial Statements.

Further the Company has hitherto been accounting for export benefits on receipts basis i.e. as and when utilised/sold. During the year the Company changed its method of accounting from receipts to accrual, as a consequence of this, current year export incentive income and profit is higher by ₹3,233.34 Lacs.
 - vi. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
 - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Majority of the Fixed Assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of the Fixed Assets and hence in our opinion going concern is not affected.
- (ii) (a) 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) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) During the year, the Company has granted unsecured loan to one Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in the transactions during the year was ₹691.80 Lacs and the year end balance of loan granted to this Company was ₹691.80 Lacs.
- (b) As per the information and explanations given and records produced before us, the rate of interest and other terms and conditions of loan given by the company are not prima facie prejudicial to the interest of the company.
- (c) As per information and explanations given and records produced before us, the receipt of interest is as per terms and conditions. There is no schedule for recovery of principal amount and the same shall be received on demand.
- (d) As per the information and explanations given and records produced before us, there is no overdue amount, hence this clause is not applicable.
- (e) The Company has not taken any Loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, Clause (iii) (f) and (iii) (g) of Paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5 Lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- (vii) The Company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under audit. The Internal Audit for the year is therefore carried out by the said firm. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the Cost Records maintained by the Company pursuant to Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed Cost Records are maintained. We have, however, not made a detailed examination of the Cost Records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory Duties applicable to it. There are no undisputed Statutory Dues as referred to above as at 31st March, 2012 outstanding for a period of more than six months from due date they become payable.

Further, since the Central Government has till date not prescribed the amount of Cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, details of dues of Income Tax, Excise Duty, Service Tax and Sales Tax which have not been deposited on account of any dispute are given below:

Name of the statute	Nature of dues	Amt. under dispute not yet deposited As on 31st March, 2012 (₹ Lacs)	Periods to which the amount relates (F.Y.)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax including interest as applicable	6.74	1998-99	Dy. Comm.
		24.58	2000-01	Dy. Comm.
		4.52	2005-06	ITAT
		832.82	2006-07	CIT (Appeal)
		883.10	2007-08	CIT (Appeal)
		132.73	2008-09	Dy. Comm.
The Central Excise Act, 1944	Excise Duty including interest and penalty as applicable	63.04	2001-2003	High Court
		130.70	2002-2005	CESTAT
		82.82	2003-2004	CESTAT
		23.56	2005-2009	Comm. (Appeal)
		6.34	2006-2010	Comm. (Appeal)
Finance Act, 1994 (Service Tax)	Service Tax including interest and penalty as applicable	106.61	1997-98 to 2002-03	Commissioner (Appeal) returned to Asstt. Commissioner
		1,254.94	2006-07 & 2007-08	CESTAT
		2.08	2005-07	CESTAT
		19.29	2008-09	CESTAT
		4.87	2009-10	Asstt. Comm.
Central Sales Tax Act, 1956 and Sales Tax Act, of various States	Sales Tax / Central Sales Tax	49.00	2003-04	Deputy Commissioner of Commercial Tax (Appeal)
		19.76	2004-05	

- (x) The Company does not have any accumulated losses at the end of the Financial Year. The Company has not incurred cash losses during the Financial Year covered by our audit and the immediately preceding Financial Year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
- (xii) In our opinion and according to the explanations given to us, the Company has not granted any loans against security by way of pledge of Shares, Debentures and other Securities. Therefore the provisions of this Clause of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund/ nidhi /mutual benefit fund/society. Therefore, the provisions of this clause of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of this Clause of the Order are not applicable to the Company.
- (xv) In our opinion the Company has provided Guarantees for Non-fund based limits taken by others from Banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company has not raised any Term Loan during the year under audit.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties covered in register under Section 301 of the Companies Act, 1956.
- (xix) During the period covered by our audit report, the Company has not issued any debentures. Accordingly, provisions of this clause of the Order are not applicable to the Company.
- (xx) The Company has not raised any monies by way of Public / QIP / Right Issues during the year.
- (xxi) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud on or by the Company has been noticed or reported for the year under audit.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)
(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2012



BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1,886.41	1,886.41
(b) Reserves and Surplus	3	93,986.14	82,182.55
Sub Total Shareholders' Funds :		95,872.55	84,068.96
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	127.91	141.87
(b) Deferred Tax Liabilities (Net)	5	1,828.87	1,579.50
(c) Long Term Provisions	6	266.72	207.35
Sub Total Non-Current Liabilities:		2,223.50	1,928.72
(3) Current Liabilities			
(a) Short-Term Borrowings	7	2,543.50	—
(b) Trade Payables	8	7,267.24	6,024.61
(c) Other Current Liabilities	9	1,580.27	1,728.46
(d) Short-Term Provisions	10	4,675.56	3,827.29
Sub Total Current Liabilities:		16,066.57	11,580.36
Total Equity & Liabilities :		114,162.62	97,578.04
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		31,337.60	24,159.23
(ii) Intangible Assets		214.62	81.76
(iii) Capital Work in Progress		1,808.49	1,347.59
(b) Non Current Investments	12	1,515.92	1,515.92
(c) Long term Loans and Advances	13	1,182.43	321.68
(d) Other Non Current Assets	14	565.65	442.30
Sub Total Non-Current Assets:		36,624.71	27,868.48
(2) Current Assets			
(a) Current Investments	15	11,210.59	15,013.32
(b) Inventories	16	16,210.48	13,185.20
(c) Trade receivables	17	29,716.16	24,321.26
(d) Cash and Bank Balances	18	7,781.08	8,408.59
(e) Short-term Loans and Advances	19	12,283.38	8,773.45
(f) Other Current Assets	20	336.22	7.74
Sub Total Current Assets:		77,537.91	69,709.56
Total Assets :		114,162.62	97,578.04

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	Year Ended 31st March, 2012 ₹ Lacs	Year Ended 31st March, 2011 ₹ Lacs
I Revenue from Operations	21	131,849.95	102,433.75
Less: Central Excise duty		4,593.95	3,886.56
Revenue from Operations (Net)		127,256.00	98,547.19
II Other Income	22	1,165.31	1,633.00
III Total Revenue (I+II)		128,421.31	100,180.19
IV Expenses:			
Cost of Materials Consumed	23	42,077.41	30,872.79
Purchases of Stock-in-Trade		20,722.40	16,002.17
Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade	24	(2,173.06)	(2,006.47)
Employee Benefits Expense	25	4,178.36	3,413.81
Finance Costs	26	213.40	2.38
Depreciation and Amortisation Expense	11	2,547.20	2,138.21
Other Expenses	27	38,856.48	30,831.75
V Total Expenses		106,422.19	81,254.64
VI Profit Before Tax (III - V)		21,999.12	18,925.55
VII Tax Expense :			
(1) Current Tax	28	6,659.00	5,708.45
(2) Deferred Tax		249.37	242.17
VIII Profit/(Loss) for the period (VI-VII)		15,090.75	12,974.93
IX Earnings per Equity Share: (Face Value of ₹2/- each) Basic and Diluted (₹)	29	16.00	13.76

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
CASH FLOW FROM OPERATING ACTIVITIES:		
A. NET PROFIT BEFORE TAX	21,999.12	18,925.55
Add / (Less) : Adjustments for		
Depreciation	2,547.20	2138.21
Unrealised Exchange Fluctuation (Gain) / Loss	(421.45)	19.94
Difference of Provision and payment of Exps	(427.54)	(457.30)
Interest and Finance Charges	213.40	2.38
Interest Income	(173.43)	(176.26)
Profit on Sale of Assets	(17.23)	(18.27)
Dividend on Shares	(9.14)	(9.14)
Dividend on Mutual Fund	(725.30)	(905.63)
Profit on Sale of Investments	—	(116.65)
Loss on Sale of Assets	17.57	25.76
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	23,003.20	19,428.59
(Increase) / Decrease in Current Assets and Liabilities		
Trade and Other Receivables	(10,212.93)	(7,692.11)
Inventories	(3,025.28)	(3,222.39)
Trade and Other Payables	1,092.98	1,088.23
CASH GENERATED FROM OPERATION	10,857.97	9,602.32
Direct Taxes Paid	(5,500.00)	(6,000.00)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	5,357.97	3,602.32
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	177.91	264.81
Dividend Received	734.44	914.77
Purchase of Fixed Assets	(10,419.59)	(6,305.12)
Purchase of Investments	(4,194.35)	(13,790.56)
Investments in Subsidiary Company	—	(70.18)
Sale of Fixed Assets	99.91	88.38
Sale of Investments	7,997.08	13,039.86
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(5,604.60)	(5,858.04)
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Proceeds from Secured Borrowings	2,543.50	—
Payment for Other Borrowings	(12.49)	(9.13)
Interest and Finance Charges paid	(47.87)	(2.38)
Dividend paid including Tax	(3,285.47)	(1,869.36)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(802.33)	(1,880.87)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,048.96)	(4,136.59)
CASH AND CASH EQUIVALENTS AS AT 1st APRIL	8,408.59	12,565.12
CASH AND CASH EQUIVALENTS AS AT 31st MARCH	7,359.63	8,428.53
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,048.96)	(4,136.59)
Cash and Cash Equivalents Comprise :		
Cash and Bank Balances	7,781.08	8,408.59
Adjustment : Unrealised Exchange Gain / Loss	(421.45)	19.94
	7,359.63	8,428.53

Note: Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹3.89 Lacs (Previous Year ₹2.19 Lacs) which are not available for the use by the Company.

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**1. SIGNIFICANT ACCOUNTING POLICIES:****1) Basis of Accounting :**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognised on accrual basis.

2) Use of Estimates:

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3) Revenue Recognition :

Sales are stated net of rebate and trade discount and excludes Central Sales Tax and State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Export Benefits are accounted / recognised on accrual basis.

Dividend on Financial Instruments are recognised as and when realised. Interest on deposits is recognised on accrual basis.

4) Fixed Assets :

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalised up to the date when the asset is ready for its intended use.

Intangible Assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Capital work in progress includes cost of assets at sites and construction expenditure.

5) Depreciation :

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

Amortisation of intangible assets takes place on a Straight Line basis over the assets anticipated useful life. The useful life is determined based on the period of the underline contract and the period of time over which the intangible assets is expected to be used.

Software is amortised over a period of 6 years. Patents are amortised over a period of 20 years on straight line basis as the benefits are generally available to the company for more than 10 years.

6) Impairment of Assets:

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net Selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sales.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

7) Investments :

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

8) Inventories :

Inventories of Raw Materials and Stores are valued at cost or net realisable value whichever is lower after considering the credit of VAT and Cenvat. Stock in transit and Stock lying at third party premises are valued at cost.

Inventories of Work in Process are valued at lower of cost or net realisable value.

Inventories of Finished Goods are valued at cost or net realisable value whichever is lower. Cost of Finished Goods and Work-in-Process are determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads, Excise duties at the applicable rates are also included in the cost of Finished Goods.

Cost of raw materials, stores and spares are determined on weighted average basis.

9) Employee Benefit :

(a) Short Term

Short Term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

(b) Long Term

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

(c) 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 additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

(d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

10) Central Excise Duty :

Excise duty is accounted on the basis of payments made in respect of goods cleared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)**11) Foreign Currency Transactions :**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealised translation differences are included in the Statement of Profit and Loss.

Investments in foreign currency (non-monetary items) are reported using the exchange rate at the date of the transaction.

The Company enters into derivative contracts strictly for hedging purposes and not for trading or speculation. Derivative transactions are being considered as off balance sheet date transactions and accordingly the gains/ losses arising there from are recognised under respective heads of accounts as and when the settlement takes place with the terms of the respective contracts.

12) Borrowing Cost :

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalised upto the date when the asset is ready for its intended use. The amount of interest capitalised for the period is determined by applying the interest rate applicable to appropriate borrowings.

13) Earning per Share :

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

14) Provisions and Contingencies :

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognised nor disclosed.

15) Product Warranty Expenses :

Product warranty expenses are determined based on Company's historical experience and estimates are accrued in the year of Sale.

16) Taxation on Income :

- (a) Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.
- (b) Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realised in future.

17) Cash Flow Statement :

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and Short term highly liquid financial instruments which are readily convertible into cash and have original maturities of three months or less from date of purchase.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012****2. Share Capital**

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	AUTHORISED SHARE CAPITAL 230,000,000 Equity Shares of ₹2/- each (Previous Year 230,000,000 Equity Shares of ₹2/-each)	4,600.00	4,600.00
	Total	4,600.00	4,600.00
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL 94,320,370 Equity Shares of ₹2/-each fully paid up (Previous Year 94,320,370 Equity Shares of ₹2/-each fully paid up)	1,886.41	1,886.41
	Total	1,886.41	1,886.41

2.1 The reconciliation of the number of shares outstanding as at 31st March, 2012 and 31st March, 2011 is set out below:

	As at 31st March, 2012		As at 31st March, 2011	
	No of shares	₹ Lacs	No of shares	₹ Lacs
Equity Shares				
Shares outstanding at the beginning of the year	94,320,370	1,886.41	94,320,370	1,886.41
Add: Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	94,320,370	1,886.41	94,320,370	1,886.41

2.2 Rights, preferences and restrictions attached to Equity shares :

The company has one class of equity shares having a par value of ₹2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31st March, 2012, the amount of Dividend proposed by the Board of Directors of the Company to the Equity Share holders is ₹3 per Share (Previous Year ₹3 per Share)

2.3 The details of shareholder holding more than 5% shares is set out below :

Name of the shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Bhadresh K. Shah	39,626,875	42.01%	39,626,875	42.01%
Bhadresh K. Shah, Karta of Bhadresh K. Shah H.U.F.	18,502,025	19.62%	18,502,025	19.62%
Nalanda India Equity Fund Ltd.	7,918,845	8.40%	—	0.00%
HDFC Trustee Company Ltd. - HDFC Prudent Fund	4,944,218	5.24%	4,507,853	4.78%

2.4 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

336,430 Equity Shares (Previous Year 336,430) of ₹2/- each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd. pursuant to the Scheme of Amalgamation with the Company during the Financial Year 2009-10.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
3. Reserves & Surplus

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Capital Redemption Reserve	1,925.74	1,925.74
2	Securities Premium Reserve	26,579.52	26,579.52
3	Other Reserves		
	General Reserve		
	Balance as per last Financial Year	6,151.78	4854.28
	Add : Transferred from Statement of Profit and Loss Account	1,509.10	1297.50
		7,660.88	6,151.78
4	Surplus in statement of Profit & Loss		
	Balance as per last Financial Year	47,525.51	39,135.24
	Add : Profit for the year	15,090.75	12,974.93
	Less : Appropriations		
	Proposed Dividend on Equity Shares (Amount per share ₹3 (Previous year ₹ 3))	2,829.61	2,829.61
	Tax on Dividend	457.55	457.55
	Transferred to General Reserve	1,509.10	1,297.50
		57,820.00	47,525.51
	Total	93,986.14	82,182.55

4. Long Term Borrowings

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Unsecured		
	Deferred Payment Liabilities *	127.91	141.87
	Total	127.91	141.87

* Deferred Sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Pvt.Ltd.

4.1 Terms of repayment for deferred payment liabilities are as set out below :

	<u>2-3 years</u>	<u>3-4 years</u>	<u>Beyond 4 years</u>
Deferred Sales tax under Package Scheme of Incentives 1993 (₹ Lacs)	17.38	18.01	92.52

5. Deferred Tax Liability (Net)

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	DEFERRED TAX LIABILITIES :		
	Arising on account of timing difference		
	- Fixed Assets : Impact of difference between Tax Depreciation and Depreciation/amortisation charged for the financial reporting	1,924.85	1,662.41
	- Others	0.71	0.73
	TOTAL DEFERRED TAX LIABILITIES (A)	1,925.56	1,663.14
2	Less :		
	DEFERRED TAX ASSETS :		
	Arising on account of timing difference		
	- Leave Encashment	96.69	83.64
	TOTAL DEFERRED TAX ASSETS (B)	96.69	83.64
	Total (A - B)	1,828.87	1,579.50



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

6. Long Term Provisions

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Provision for Employee Benefits (Refer Note No: 25.1)		
	Provision for Leave Encashment	266.72	207.35
	Total	266.72	207.35

7. Short Term Borrowings

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Unsecured		
	Loans repayable on demand From banks	2,543.50	—
	Total	2,543.50	—

8. Trade Payables

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Due to Micro, Small and Medium Enterprises *	—	—
2	Other than Micro, Small and Medium Enterprises # Trade payables to the Subsidiaries are as under.	7,267.24	6,024.61
	# Includes dues to :		
	Subsidiaries	494.41	52.49
	Maximum due during the year		
	564.12		
	Previous Year	352.19	
	Total	7,267.24	6,024.61

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

9. Other Current Liabilities

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Current Maturity of Deferred payment liabilities	13.96	12.49
2	Unpaid Dividend *	3.88	2.19
3	Other Payables #	1,562.43	1,713.78
	Total	1,580.27	1,728.46

* There is no amount due to be transferred to Investor Education and Protection fund.

Includes Statutory dues and advances from customers.

10. Short Term Provisions

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Provision for employee benefits ; (Refer Note No:25.1)		
	- Provision for Bonus	311.49	258.69
	- Provision for Gratuity	94.24	107.21
	- Provision for Leave Encashment	31.31	44.43
2	Others :		
	- Provision for Income tax (Net of Advance tax)	388.34	—
	- Proposed Dividend	2,829.61	2,829.61
	- Provision for Corporate Tax on Dividend	457.55	457.55
	- Provision for Expenses	488.02	99.80
	- Provision for Product Warranties Claims	75.00	30.00
	Total	4,675.56	3,827.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
11. Fixed Assets

TANGIBLE ASSETS :									(₹ Lacs)
	Free hold Land	Lease hold Land	Buildings	Plant and Machineries	Furniture and Fixtures	Vehicles	Office Equipments	Others	TOTAL
Cost of Assets									
As at 1st April, 2010	1,195.57	6.67	8,611.51	15,013.68	643.74	419.06	99.32	1,804.55	27,794.10
Addition	670.43	—	1,770.00	2,969.35	71.84	87.62	18.28	357.83	5,945.35
Disposal / Adjustments	—	—	10.80	100.83	1.11	38.49	—	22.31	173.54
As at 31st March, 2011	1,866.00	6.67	10,370.71	17,882.20	714.47	468.19	117.60	2,140.07	33,565.91
Addition	737.36	1,326.77	3,202.82	3,929.42	133.68	32.93	7.91	420.40	9,791.29
Disposal / Adjustments	—	—	28.71	30.24	—	128.26	1.20	1.51	189.92
As at 31st March, 2012	2,603.36	1,333.44	13,544.82	21,781.38	848.15	372.86	124.31	2,558.96	43,167.28
Depreciation									
As at 1st April, 2010	—	—	927.17	5,429.07	197.67	126.61	51.58	625.56	7,357.66
Charge for the year	—	—	312.83	1,530.02	42.15	42.22	5.42	194.06	2,126.70
Disposal / Adjustments	—	—	0.56	43.25	0.41	22.93	—	10.53	77.68
As at 31st March, 2011	—	—	1,239.44	6,915.84	239.41	145.90	57.00	809.09	9,406.68
Charge for the year	—	—	382.21	1,793.16	49.34	42.76	5.83	239.36	2,512.66
Disposal / Adjustments	—	—	0.79	22.40	—	64.15	1.00	1.32	89.66
As at 31st March, 2012	—	—	1,620.86	8,686.60	288.75	124.51	61.83	1,047.13	11,829.68
Net Block									
As at 31st March, 2011	1,866.00	6.67	9,131.27	10,966.36	475.06	322.29	60.60	1,330.98	24,159.23
As at 31st March, 2012	2,603.36	1,333.44	11,923.96	13,094.78	559.40	248.35	62.48	1,511.83	31,337.60
Capital Work in Progress									
As at 31st March, 2011									1,347.59
As at 31st March, 2012									1,808.49

INTANGIBLE ASSETS :

	Goodwill	Software	Patents and Copyrights	TOTAL (₹ Lacs)
Cost of Assets				
As at 1st April, 2010	28.62	61.06	2.45	92.13
Addition	—	36.69	2.14	38.83
Disposal / Adjustments	—	—	—	—
As at 31st March, 2011	28.62	97.75	4.59	130.96
Addition	—	159.90	7.50	167.40
Disposal / Adjustments	—	—	—	—
As at 31st March, 2012	28.62	257.65	12.09	298.36
Depreciation				
As at 1st April, 2010	28.62	8.24	0.83	37.69
Charge for the year	—	11.37	0.14	11.51
Disposal / Adjustments	—	—	—	—
As at 31st March, 2011	28.62	19.61	0.97	49.20
Charge for the year	—	34.11	0.43	34.54
Disposal / Adjustments	—	—	—	—
As at 31st March, 2012	28.62	53.72	1.40	83.74
Net Block				
As at 31st March, 2011	—	78.14	3.62	81.76
As at 31st March, 2012	—	203.93	10.69	214.62

11.1 Leasehold Land includes ₹315.84 Lacs (Previous Year ₹NIL) In respect of which Sale deed / Lease deed are pending for execution



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

12. Non Current Investments

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Trade Investments (Valued at Cost)		
I	Investment in Equity Instrument INVESTMENT IN SUBSIDIARY COMPANY IN INDIA : (QUOTED) 456881 Equity Shares of Welcast Steels Ltd. of ₹10/- each fully paid up. (Previous year 456881 Equity Shares)	1,296.27	1,296.27
II	LONG TERM TRADE INVESTMENTS: (UNQUOTED)		
	A. INVESTMENT IN SUBSIDIARY COMPANY IN INDIA : 700000 Equity Shares of DCPL Foundries Ltd. of ₹10/- each fully paid up. (Previous year 700000 Equity Shares)	70.17	70.17
	B. INVESTMENT IN SUBSIDIARY COMPANY OUTSIDE INDIA : 32500 Equity Shares of Vega Industries (Middle East) FZE, U.A.E. of US\$ 10/- each fully paid up (Previous year 32500 Equity Shares)	149.39	149.39
	C. INVESTMENT IN OTHER COMPANY : 25 Equity Shares of Koramangla Properties Pvt.Ltd.of ₹100/-each fully paid up (Previous year 25 Equity Shares)	0.03	0.03
	D. INVESTMENT IN GOVERNMENT SECURITIES : National Savings Certificates	0.06	0.06
	AGGREGATE		
	Cost	1,296.27	1,296.27
	Previous Year	1,296.27	1,296.27
	Market Value	1,126.67	—
	Previous Year	1,809.25	—
	UNQUOTED		
	Cost	219.65	219.65
	Previous Year	219.65	219.65
	Market Value	—	—
	Previous Year	—	—
	Total	1,515.92	1,515.92

13. Long Term Loans and Advances

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Unsecured, Considered Good unless otherwise stated : Capital Advances	1,057.75	231.01
2	Other Loans & Advances Loans and Advances to Staff	124.68	90.67
	Total	1,182.43	321.68

14. Other Non Current Assets

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Long Term Trade Receivables Unsecured, Considered Good :	554.96	431.61
2	Others Bank FD for more than 12 months (Transferred from Cash & Bank Balances)	10.69	10.69
	Total	565.65	442.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
15. Current Investments

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Investment in Mutual Fund (Unquoted) (Valued at Cost unless otherwise stated)		
1	HDFC FMP 92 days Dividend Series XIX 10,047,943 Units NAV of ₹10.0842 each (Previous year NIL Units NAV of ₹NIL each)	1,004.79	—
2	HDFC Cash Management Treasury Advantage Fund NIL Units NAV of ₹NIL each (Previous year 7,248,413.490 Units NAV of ₹10.0315 each)	—	727.12
3	ICICI Prudential Interval Fund Quarterly -II Institutional Plan 25263494 Units of ₹10.0310 each (Previous year 15,000,000 Units NAV of ₹10.0123 each)	2,526.35	1,500.00
4	ICICI Prudential Flexible Income Plan 1424.528 Units NAV of ₹105.735 each (Previous year 1,328.961 Units NAV of ₹105.735 each)	1.51	1.41
5	State Bank of India Debt Fund Series 370 Days 30,000,000 Units NAV of ₹11.0097 each (Previous year 30,000,000 Units NAV of ₹10 each)	3,000.00	3,000.00
6	State Bank of India SHF Ultra Short Term Fund 165,854.514 Units NAV of ₹1,000.60 each (Previous year 4,939,271.292 Units NAV of ₹10.0060 each)	1,659.54	494.22
7	State Bank of India Debt Fund Series 90 Days 10000000 Units NAV of ₹10.0616 each (Previous year 60,000,000 Units NAV of ₹10 each)	1,000.00	6,000.00
8	State Bank of India Magnum Insta Cash Fund NIL Units NAV of ₹NIL each (Previous year 1,984.377 Units NAV of ₹16.7503 each)	—	0.33
9	Birla Sunlife Internal Income Fund Institutional Plan 20,176,293.707 Units NAV of ₹10.1079 each (Previous year 10,205,949.560 Units NAV of ₹10.0597 each)	2,018.40	1,020.61
10	Birla Sunlife Savings Fund Institutional Plan NIL Units NAV of ₹NIL each (Previous year 2,341,924.101 Units NAV of ₹10.0068 each)	—	234.35
11	Birla Sunlife Cash Manager Institutional Plan NIL Units NAV of ₹NIL each (Previous year 1,571.644 Units NAV of ₹10.0030 each)	—	0.16
12	Reliance Quarterly Interval Fund Institutional Plan NIL Units NAV of ₹NIL each (Previous year 20,335,898.194 Units NAV of ₹10.0075 each)	—	2,035.12
	AGGREGATE	QUOTED	UNQUOTED
	Cost	NIL	11,210.59
	Previous Year	NIL	15,013.32
	Market Value	NIL	11,556.95
	Previous Year	NIL	15,033.83
	Total		11,210.59
			15,013.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
19. Short Terms Loans and Advances

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Unsecured, Considered Good : Loans & Advances to related parties : (Refer Note No.30) *	1,917.32	1,885.43
	(*) Includes Receivables from : Maximum due during the year		
	Welcast Steels Ltd. 2,688.75	1,076.11	1,255.43
	DCPL Foundries Ltd. Previous Year 2,389.60		
	DCPL Foundries Ltd. Previous Year 1,135.42	841.20	630.00
	DCPL Foundries Ltd. Previous Year 630.00		
2	Others :		
	Advance Recoverable in cash or in kind or for value to be received.	923.11	1,509.85
	Sundry Deposits and Advances	584.98	616.10
	Advance Income Tax (Net of Provision)	—	478.23
	Balance with Statutory / Government authorities	8,742.83	4,192.66
	Loans and Advances to Staff	115.14	91.18
	Total	12,283.38	8,773.45

20. Other Current assets

Sr. No	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Interest Accrued on Investments	12.22	7.74
2	Advance Premium on Forward Contracts	324.00	—
	Total	336.22	7.74

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)****21. Revenue from Operations**

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Revenue from Operations Sale of Products - High Chrome Mill Internals (Castings) Domestic Sales Export Sales (*)	45,243.34 75,602.15	39,390.77 56,717.19
	(*) Earning in Foreign Exchange	120,845.49	96,107.96
2	Other Operating Revenue Exports Incentives *	6,410.51	2,439.23
	Total	127,256.00	98,547.19

* The Company has hitherto been accounting for export benefits on receipt basis i.e. as and when utilised / sold. During the year the Company changed its method of accounting from receipts to accrual, as a consequence of this , current year export incentives and profit is higher by ₹3,233.34 Lacs.

22. Other Income

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Interest (Gross)	173.43	176.26
2	Dividend from Mutual Funds (Current Investment)	725.30	905.64
3	Dividend from subsidiary (Trade Investment)	9.14	9.14
4	Profit on Sale of Mutual Fund Units	—	116.65
5	Other Non Operating Income		
	- Gain on Exchange Rate Fluctuation	106.88	317.90
	- Profit on Sale of Assets	17.23	18.27
	- Insurance Claim received	11.27	19.99
	- Miscellaneous Receipts	89.86	68.00
	- Sundry balances written back	32.20	1.15
	Total	1,165.31	1,633.00

23. Cost of Materials Consumed

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
	Opening Stock	4,978.46	4,294.74
	Add : Purchases	40,807.11	31,556.51
	= Sub Total	45,785.57	35,851.25
	Less: Closing Stock	3,708.16	4,978.46
	Total	42,077.41	30,872.79

24. Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Opening Stock : Work in Process	5,999.77	3,993.30
2	Less : Closing Stock : Work in Process	8,172.83	5,999.77
	Total	(2,173.06)	(2,006.47)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
25. Employee Benefits Expense

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Salaries, Wages and Bonus	3,772.27	3,049.24
2	Contribution to Provident Fund / ESIC / Gratuity	354.93	330.16
3	Staff Welfare Expenses	51.16	34.41
	Total	4,178.36	3,413.81

25.1 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognised as expense for the year is as under :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs
Employer's Contribution to Provident Fund	196.12	166.71

Defined Benefit Plan :

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Reconciliation of opening and closing balances of Defined Benefit obligation :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Defined Benefit obligation at beginning of the year	734.85	599.31	251.78	235.71
Current Service Cost	64.43	55.07	38.49	32.50
Interest Cost	60.62	49.44	20.77	19.44
Actuarial (gain) / Loss	33.39	58.63	31.42	(1.43)
Benefits paid	(61.80)	(27.60)	(44.43)	(34.44)
Defined Benefit obligation at year end	831.49	734.85	298.03	251.78

Reconciliation of opening and closing balances of fair value of plan assets :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
	Gratuity (Funded)			
Fair value of plan assets at beginning of the year	627.63	594.89		
Expected return on plan assets	55.28	49.58		
Actuarial gain / (loss)	8.93	6.35		
Employer contribution	107.21	4.42		
Benefits paid	(61.80)	(27.61)		
Fair Value of plan assets at year end	737.25	627.63		
Actual return on plan assets	64.20	55.93		
			Not applicable as leave Liability is not funded	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

Reconciliation of fair value of assets and obligations :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Fair value of plan assets	737.25	627.63	—	—
Present value of obligation	831.49	734.85	298.03	251.78
Amount recognised in Balance Sheet	94.24	107.22	298.03	251.78

Expense recognised during the year :

	2011-12 ₹ Lacs	2010-11 ₹ Lacs	2011-12 ₹ Lacs	2010-11 ₹ Lacs
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Current Service Cost	64.43	55.07	38.49	32.50
Interest Cost	60.62	49.44	20.77	19.44
Expected return on plan assets	(55.28)	(49.58)	—	—
Actuarial (gain) / loss	24.46	52.28	31.42	(1.43)
Net cost	94.23	107.21	90.68	50.51

Investment Details:

	2011-12	2010-11	2011-12	2010-11
	Gratuity (Funded)		Leave Encashment (Unfunded)	
GOI Securities	15%	15%		
Public Securities	33%	33%		
Special Deposit Schemes	NIL	NIL		
Employer contribution	8%	8%	Not applicable as leave Liability is not funded	
Private Sector Securities	NIL	NIL		
Insurance Policies	44%	44%		
Others	NIL	NIL		

Actuarial assumptions:

	2011-12	2010-11	2011-12	2010-11
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Discount rate	8.50%	8.25%	8.50%	8.25%
Expected rate of return	8.50%	8.50%	—	—
Rate of escalation in salary	7.00%	7.00%	7.00%	7.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

Amount for the current and previous four periods are as follows :

(₹ Lacs)

	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Gratuity (Funded)					
Defined Benefit obligation	831.49	734.85	599.31	509.98	340.41
Plan assets	737.25	627.63	594.89	495.90	340.41
Surplus / (Deficit)	94.24	107.22	4.42	14.09	(98.00)
Experience adjustments on plan liability	65.68	47.71	20.59	—	—
Experience adjustments on plan assets	(8.92)	(6.35)	15.04	—	—
Leave Encashment (Unfunded)					
Defined Benefit obligation	298.03	251.78	235.71	177.88	115.21
Experience adjustments on plan liability	42.14	33.55	42.44	—	—

Company's estimate of Contributions expected to be paid during Financial Year 2012-13 is as under:

(i) Defined Contribution Plan :

- Employer's contribution to Provident Fund : 12% of Basic Salary

(ii) Defined Investment Plan :

(a) Gratuity : ₹94.24 Lacs

(b) Leave encashment : Not applicable as Leave Liability is not funded

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

26. Finance Costs

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Interest Expense		
	- For Short Term Borrowings	46.14	—
	- For Others	0.18	0.11
	- Applicable net gain / loss on foreign currency transactions and translation	165.53	—
2	Other Borrowing Costs	1.55	2.27
	Total	213.40	2.38



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

27. Other Expenses

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Manufacturing Expenses		
	Consumption of Stores		
	Opening Stock	2,206.96	1,674.77
	Add : Purchases	16,904.72	13,084.23
	= Sub Total	19,111.68	14,759.00
	Less : Closing Stock	4,329.49	2,206.96
		14,782.19	12,552.04
	Power and Fuel	11,536.90	8,435.61
	Labour Charges	3,442.29	2,540.25
	Freight Inward, Octroi, Coolies and Cartages	945.12	657.42
	Repairs and Maintenance		
	- To Buildings	93.00	75.52
	- To Plant and Machineries	349.45	246.20
	- To Other Assets	113.81	84.16
2	Selling and Distribution Expenses		
	Freight Outward, Coolies and Cartages	4,543.65	3,783.61
	Commission Expenses	309.90	316.49
	Traveling Expenses		
	- For Directors	86.76	10.05
	- For Staff and Guests	271.96	277.65
	Sales Promotion / Gift Expenses	30.38	12.18
	Advertisement Expenses	7.71	16.19
	Product Warranty Expenses	113.55	23.22
	Late Delivery Charges	17.15	20.89
	Bad Debts	43.71	10.79
	Central Excise Duty and CVD	22.76	30.59
	Sales tax	0.51	1.97
3	Administrative Expenses		
	Insurance Premium Expenses	151.65	128.96
	Rent Expenses	70.15	37.42
	Rates and Taxes	18.51	21.10
	Service Charges	3.07	2.48
	Directors' Sitting Fees	3.60	3.60
	Payments to Auditors		
	- As Auditor		
	Statutory Audit fees	9.00	9.00
	Tax Audit Fees	1.00	1.00
	- For Other Services	3.30	4.17
	Legal and Professional Consultancy Fees	845.68	715.65
	Bank Commission Charges	189.97	119.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
27. Other Expenses (Contd...)

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
3	Administrative Expenses (Contd...)		
	Printing and Stationery Expenses	45.87	48.69
	Postage,Telephones,Courier,Internet & E-mail	96.02	83.29
	Computer Expenses	1.17	0.78
	Vehicle Repairs and Maintenance	69.99	48.16
	Conveyance Expenses	111.40	90.49
	Security Expenses	202.13	135.72
	Subscription and Membership Fees	7.81	4.84
	Entertainment Expenses	11.24	15.85
	Donation Expenses	97.83	77.36
	Seminar Expenses	0.32	0.96
	License Fees	4.28	11.45
	Inspection Charges	18.77	18.63
	Water Charges	24.72	14.86
	Office Expenses	16.81	13.10
	Electricity Expenses	10.68	8.44
	Tender Fees	1.85	1.38
	Service tax	11.66	11.75
	Garden Expenses	10.73	9.10
	Festival Celebration Expenses	10.96	8.24
	Factory GVMM / GIDC Administrative Charges	16.57	8.44
	Plantation (under CSR) Expenses	8.87	5.50
	Recruitment and Training Expenses	7.34	2.51
	Loss on Sale of Assets	17.57	25.76
	General / Miscellaneous Expenses	45.16	49.22
	Total	38,856.48	30,831.75

27.1 C. I. F. Value of Imports :

		2011-12		2010-11	
		M.T.	₹ Lacs	M.T.	₹ Lacs
1	Raw Materials - Scrap	12,414.645	3,780.38	8,489.335	2,046.86
2	Raw Materials - Ferro Alloys	4,037.268	3,831.47	5,813.426	4,542.79
3	Stores	—	2,920.90	—	1,977.43
4	Capital Goods	—	2,199.72	—	374.85

27.2 Expenditure in Foreign Currency :

		2011-12 ₹ Lacs	2010-11 ₹ Lacs
1	Travelling Expenses	72.78	50.54
2	Professional Fees	227.72	246.33
3	Subscription & Membership	2.93	0.55
4	Others	8.67	7.09
	Total	312.10	304.51

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)****27.3 Value of Imported and Indigenous Raw Materials, Stores & Spares consumed and percentage thereof :**

	2011-12		2010-11	
	M.T.	₹ Lacs	M.T.	₹ Lacs
a) Raw Materials				
1 Imported - Scrap Percentage	11,290.575	3,386.01 8.05%	9,258.975	2,188.95 7.09%
2 Imported - Ferro Alloys Percentage	4,626.211	3,925.48 9.33%	5,257.046	3,826.76 12.40%
3 Indigenous - Scrap Percentage	73,574.823	19,858.25 47.19%	60,313.276	12,760.29 41.33%
4 Indigenous - Ferro Alloys Percentage	20,098.715	14,907.67 35.43%	15,977.437	12,096.79 39.18%
Total	109,590.324	42,077.41	90,806.734	30,872.79
b) Stores & Spares				
1 Imported Percentage	—	1,195.30 8.09%	—	1,666.36 13.28%
2 Indigenous Percentage	—	1,3586.89 91.91%	—	10,885.68 86.72%
Total	—	14,782.19	—	12,552.04

28. Current Tax

Sr. No	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Current Tax	6,659.00	5,709.00
2	Short Provision for earlier years	—	(0.55)
	Total	6,659.00	5,708.45

29. Earning Per Share

Sr. No	Particulars		Year ended 31st March, 2012	Year ended 31st March, 2011
1	Profit attributable to the Equity Shareholders (₹ Lacs)	A	15090.75	12974.93
2	Weighted average number of Equity Shares outstanding during the period	B	94320370	94320370
3	Nominal value of Equity Shares (₹)		2	2
4	Basic/Diluted Earnings per Share (₹)	A / B	16.00	13.76

30. Related party disclosures under Accounting Standard 18 :**(i) Subsidiaries :**

- 1 Welcast Steels Ltd.
- 2 DCPL Foundries Ltd.
- 3 Vega Industries (Middle East) FZE, U.A.E.
- 4 Vega Industries Ltd., U.K.
- 5 Vega Industries Ltd., U.S.A.
- 6 Vega Steel Industries (RSA) PTY Ltd.
- 7 Wuxi Weigejia Trade Co. Ltd.

(ii) Relatives of Key Management Personnel :

- 1 Mrs. Giraben K. Shah
- 2 Mrs. Gitaben B. Shah
- 3 AB Tradelink Pvt. Ltd.
- 4 Powertec Engineering Pvt. Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
(iii) Key Management Personnel :

- 1 Mr. Bhadresh K. Shah (Managing Director)
- 2 Mr. Yashwant M. Patel (Whole time Director)
- 3 Dr. S. Srikumar (Director)

Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012 :

Sr. No	Nature of Transaction	Subsidiaries (₹ Lacs)	Relatives of Key Management Personnel (₹ Lacs)	Management Personnel (₹ Lacs)
1	Sales of Goods	75,950.18	NIL	NIL
2	Miscellaneous receipt of Income	7.29	NIL	NIL
3	Inter Corporate Deposit placed	31.50	NIL	NIL
4	Purchase of Goods	21,322.35	NIL	NIL
5	Purchase of Raw Materials	64.74	NIL	NIL
6	Purchase of Stores and Spares	2,044.41	NIL	NIL
7	Interest received on Inter Corporate Deposit	66.73	NIL	NIL
8	Recovery of Travelling Expenses	53.98	NIL	NIL
9	Commission Expense on Purchases	NIL	35.69	NIL
10	Retainership / Professional & Legal Fees Expenses	0.01	27.44	NIL
11	Salary and Bonus Expenses	NIL	1.44	NIL
12	Rent, Rates & Taxes Expenses	NIL	2.24	NIL
13	Repairs & Maintenance of Equipments	NIL	10.57	NIL
14	Travelling Expenses	0.06	NIL	NIL
15	Miscellaneous Expenses	0.20	NIL	NIL
16	Professional tax Expenses	0.02	NIL	NIL
17	Books and Periodicals Expenses	NIL	0.42	NIL
18	Professional tax	0.01	NIL	NIL
19	Dividend received	9.14	NIL	NIL
20	Directors' Remuneration and perquisites	NIL	NIL	85.11
	GRAND TOTAL	99,550.62	77.80	85.11
	Balance Outstanding at the year end (Receivable)	18,704.53	0.19	NIL
	Balance Outstanding at the year end (Payable)	494.41	0.66	NIL

Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year :

Sr.No.	Description	Related Parties	₹ Lacs
1	Sale of Goods	Vega Industries (Middle East) FZE	75438.04
2	Miscellaneous receipt of Income	Vega Industries (Middle East) FZE	4.86
		Vega Industries Limited, U.K.	2.43
3	Inter Corporate Deposit placed	DCPL Foundries Ltd.	31.50
4	Purchase of Goods	Welcast Steels Limited	17618.11
		DCPL Foundries Ltd.	3704.24
5	Purchase of Raw Materials	Vega Industries (Middle East) FZE	64.74
6	Purchase of Stores and Spares	Vega Industries Limited, USA	2044.41
7	Interest received on Inter Corporate Deposit	DCPL Foundries Ltd.	66.73
8	Recovery of Travelling Expenses	Vega Industries (Middle East) FZE	53.98
9	Commission Expense on Purchases	AB Tradelink Pvt. Ltd.	35.69
10	Retainership / Professional & Legal Fees Expenses	Powertec Engineering Pvt. Ltd.	27.44
11	Salary and Bonus Expenses	Gita B. Shah	1.44
12	Rent, Rates & Taxes Expenses	Giraben K. Shah	1.49
		Gita B. Shah	0.75
13	Repairs & Maintenance of Equipments	Powertec Engineering Pvt. Ltd.	10.57
14	Travelling Expenses	DCPL Foundries Ltd.	0.06
15	Miscellaneous Expenses	Welcast Steels Limited	0.20
16	Professional tax Expenses	Welcast Steels Limited	0.02
17	Books and Periodicals Expenses	AB Tradelink Pvt. Ltd.	0.42
18	Professional tax	Welcast Steels Limited	0.01
19	Dividend received	Welcast Steels Ltd.	9.14
20	Directors' Remuneration and perquisites	Bhadresh K. Shah	77.91

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)**

- 31 Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment as far as Primary Segment is concerned.

Information about Secondary Geographical Segments :

Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
Revenue by Geographical Segment		
India	52,819.15	43,463.00
Outside India	75,602.15	56,717.19
Addition to Fixed Assets and Intangible Assets		
India	11,767.18	7,317.87
Outside India	—	—
Carrying amount of Fixed Assets (Net)		
India	33,360.71	25,588.58
Outside India	—	—

Notes:

- Geographical Segments considered for disclosures are as follows :
 - Sales within India includes Sales to Customers located within India.
 - Sales Outside India includes Sales to Customers located outside India.
- Revenue comprises

Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
Revenue from operations	127,256.00	98,547.19
Other income	1,165.31	1,633.00

32 Contingent Liabilities and Commitments (To the extent not provided for) :

Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1. Contingent Liabilities		
a. Claims against the Company not acknowledged as debts		
i) Central Excise & Service Tax	1,743.61	1,477.20
ii) Income Tax	2,506.15	1,653.09
iii) Sales Tax / Central Sales Tax	68.50	74.05
b. Guarantees		
i) Bank Guarantees Outstanding	6,309.29	4,753.84
ii) Corporate Guarantees Outstanding to Customers	1,141.44	1,087.80
iii) Guarantees given by the Company on behalf of Subsidiaries	1,526.10	307.53
2. Commitments :		
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	1,191.39	696.36
Total	14,486.48	10,049.87

33 Derivative Instruments :

- The Company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31-3-2012 are as under:

Currency	Exposure to Buy / Sell	No. of contracts	As at the year ended	
			₹ Lacs	Foreign currency
Us Dollar (Previous year)	Sell	5 (4)	19,459.69 (21,014.44)	38,250,000 (47,250,000)

The notional mark to market loss on these unexpired contracts as on 31-3-2012 amounting to ₹829.86 Lacs has not been considered in the Financial Statements. The actual gain / loss could vary and be determined only on settlement of the contracts on their respective due dates.

b) Foreign currency exposure at the year end not hedged by derivative instruments.

Particulars	As at	As at
	31st March, 2012 ₹ Lacs	31st March, 2011 ₹ Lacs
Payables against import of goods and services		
Rupees in Lacs	666.51	43.01
US Dollar	1,044,559	68,572
Euro	199,086	19,280
Switzerland Francs	NIL	691
Advance payment to suppliers and for Expenses		
Rupees in Lacs	882.32	305.25
US Dollar	313,189	378,971
Switzerland Francs	8,207	NIL
Euro	1,044,549	184,441
United Kingdom Pounds	11,455	28,277

34 Till the year ended 31st March, 2011, the Company was using Pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its financials Statements. During the year ended 31st March, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification.

Notes referred to herein above form an integral part of Financial Statements.

Signature to Notes 1 to 34

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES

1.	Name of the Subsidiary Company	Welcast Steels Limited	Vega Industries (Middle East) F.Z.E., UAE	Vega Industries Ltd., U.K.	Vega Industries Ltd., U.S.A.	Vega Steel Industries (RSA) PTY Ltd., South Africa	DCPL Foundries Limited, Trichy	Wuxi Weigejia Trade Co. Ltd., China
2.	The Financial Year of the Subsidiary Company ended on	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
3.(a)	No. of Equity Shares held by AIA Engineering Ltd. in the Subsidiary as at the end of the Financial Year of the Subsidiary.	456881 Equity Shares of ₹ 10/- each fully paid-up	32500 Shares of US\$ 10/- each fully paid-up	10000 Ordinary Shares of Pound 1 each fully paid-up	50000 Shares of US \$ 1 each fully paid-up	100 Shares of Rand 1 each paid-up	7,00,000 Equity Shares of ₹10 each fully paid-up	—
(b)	Capital and Reserves of Subsidiary at the end of the Financial Year of Subsidiary	₹ 63.84 Lacs ₹ 2,537.32 Lacs	US \$ 3,25,000 US \$ 4,70,63,322	£ 10,000 £ 23,57,458	US \$ 50,000 US \$ 8,43,782	R100 R 38,41,173	₹ 100.00 Lacs ₹ (601.60) Lacs	CNY3,98,660 CNY(3,25,183)
(c)	Extent of interest of AIA Engineering Ltd. in the Equity Capital of the Subsidiary at the end of the Financial Year of the Subsidiary.	71.59%	100%	100% By Vega Industries (Middle East) F.Z.E.	100% By Vega Industries Ltd. U.K.	100% By Vega Industries (Middle East) F.Z.E.	70%	100% By Vega Industries (Middle East) F.Z.E.
4.	The net aggregate amount of Profits of the Subsidiary so far as they concern the members of the AIA Engineering Ltd.							
(a)	Not dealt with in the accounts of AIA Engineering Ltd.							
*	For the Subsidiary's Financial Year ended on 31st March, 2012.	₹ 262.52 Lacs	US \$ 65,73,227	£ 4,05,215	US \$ 29,936	R 4,28,024	₹ (413.57) Lacs	CNY 13394
*	For the previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	₹ 1,485.47 Lacs	US \$ 4,04,90,095	£ 18,69,045	US \$ 7,13,172	R 34,13,149	₹ (188.03) Lacs	CNY (338577)
(b)	Dealt with in the accounts of AIA Engineering Ltd. For the Subsidiary's Financial Year ended on 31st March, 2012.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
*	For previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Place : Ahmedabad
Date : 30th May, 2012

(RAJENDRA S. SHAH)
Chairman

(BHADRESH K. SHAH)
Managing Director

(BHUPENDRA A. SHAH)
Director

(S. N. JETHELIYA)
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
AIA Engineering Limited,
Ahmedabad

1. We have audited the attached Consolidated Balance Sheet of AIA Engineering Limited ("the Company"), and its Subsidiaries (collectively referred as 'the AIA Group') as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Subsidiaries/Consolidated Financial Statements of Subsidiaries, whose Financial Statements/Consolidated Financial Statements reflect total assets of ₹54,693.14 Lacs as at 31st March, 2012, total revenue of ₹113,927.89 Lacs and net cash outflow amounting to ₹3,219.36 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 - Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate Financial Statements / Consolidated Financial Statements of Subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the AIA Group as at 31st March, 2012
 - (ii) in the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.
 - (iv) Without qualifying our opinion, we draw attention to;

Note No.30 regarding derivative contracts entered into by the Company to hedge Foreign Currency Risk, the notional Mark-to-Market loss on these unexpired contracts as on 31st March, 2012 amounting to ₹829.86 Lacs has not been considered in the Financial Statements.

Further the Company has hitherto been accounting for export benefits on receipts basis i.e. as and when utilised/sold. During the year the Company changed its method of accounting from receipts to accrual, as a consequence of this, current year export incentive income and profit is higher by ₹ 3,233.34 Lacs.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No 110758W)

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2012



AIA ENGINEERING LIMITED - CONSOLIDATED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	1,886.41	1,886.41
(b) Reserves and Surplus	3	121,664.87	103,326.07
Sub Total Shareholders' Funds		123,551.28	105,212.48
(2) Minority Interest		437.96	646.70
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	712.45	818.24
(b) Deferred Tax Liabilities (Net)	5	1,576.98	1,523.70
(c) Long Term Provisions	6	430.14	298.48
Sub Total Non-Current Liabilities		2,719.57	2,640.42
(4) Current Liabilities			
(a) Short-Term Borrowings	7	3,859.95	1,062.85
(b) Trade Payables	8	9,864.27	13,014.52
(c) Other Current Liabilities	9	3,558.44	2,257.27
(d) Short-Term Provisions	10	5,032.56	4,436.62
Sub Total Current Liabilities		22,315.22	20,771.26
Total Equity & Liabilities		149,024.03	129,270.86
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		33,978.65	26,758.59
(ii) Intangible Assets		1,628.16	1,474.24
(iii) Capital Work in Progress		1,808.49	1,516.44
(b) Non-Current Investments	12	0.10	0.10
(c) Long term Loans and Advances	13	1,798.27	930.63
(d) Other Non-Current Assets	14	619.08	486.74
Sub Total Non-Current Assets		39,832.75	31,166.74
(2) Current Assets			
(a) Current Investments	15	14,025.83	15,013.32
(b) Inventories	16	30,108.87	23,667.11
(c) Trade Receivables	17	37,172.56	35,438.85
(d) Cash and Bank balances	18	14,964.17	15,266.06
(e) Short-term Loans and Advances	19	12,583.63	8,711.04
(f) Other Current Assets	20	336.22	7.74
Sub Total Current Assets		109,191.28	98,104.12
Total Assets		149,024.03	129,270.86

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	Year Ended 31st March, 2012 ₹ Lacs	Year Ended 31st March, 2011 ₹ Lacs
I Revenue from Operations	21	147,887.06	121,781.17
Less : Central Excise Duty		6,220.42	5,715.49
Revenue from Operations (Net)		141,666.64	116,065.68
II Other Income	22	1,327.31	2,472.32
III Total Revenue (I +II)		142,993.95	118,538.00
IV Expenses:			
Cost of Materials Consumed	23	58,000.76	44,740.00
Purchase of Stock-in-Trade		4,678.45	10,898.70
Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade	24	(3,758.02)	(7,045.22)
Employee Benefits Expense	25	6,488.52	5,226.05
Finance Costs	26	439.18	202.54
Depreciation and Amortisation Expense	27	2,944.43	2,539.70
Other Expenses	28	48,927.11	37,325.21
Total Expenses (IV)		117,720.43	93,886.98
V Profit before Tax (III - IV)		25,273.52	24,651.02
VI Tax expense:			
(1) Current Tax	29	6,962.47	6,044.55
(2) Deferred Tax		190.62	247.95
VII Profit / (Loss) from the period before Minority Interest (V - VI)		18,120.43	18,358.52
VIII Minority Interest		74.57	19.27
IX Profit / (Loss) for the period After Minority Interest (VII-VIII)		18,045.86	18,339.25
Earnings per Equity Share: (Face Value of ₹2/- each) Basic & Diluted (₹)	30	19.21	19.46

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AS PER THE STATEMENT OF PROFIT AND LOSS	25,273.52	24,651.00
ADD / (LESS) : ADJUSTMENTS FOR		
Depreciation	2,944.43	2,539.70
Effect of Exchange Rate Change	2,587.04	682.37
Net Prior Period Adjustments	—	(0.34)
Interest And Finance Charges	439.18	202.54
Interest Income	(263.36)	(357.50)
Profit on Sale Of Assets	(19.79)	(18.28)
Dividend on Shares	(9.14)	(9.14)
Dividend on Mutual Fund	(725.30)	(905.63)
Profit on Sale of Investments	—	(116.65)
Loss on Sale of Assets	17.57	63.54
Change In Fair Value Of Investments	115.67	—
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (INCREASE) / DECREASE IN CURRENT ASSETS AND LIABILITIES	30,359.82	26,731.61
Trade And Other Receivables	(6,930.28)	(14,565.98)
Inventories	(6,441.76)	(8,356.17)
Trade & other Payables	(1,787.86)	6,552.35
CASH GENERATED FROM OPERATION	15,199.92	10,361.81
Direct Taxes Paid	(5,834.23)	(6,892.75)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	9,365.69	3,469.06
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	258.88	(446.05)
Dividend Received	734.44	914.77
Purchase of Fixed Assets	(10,691.52)	(8,117.90)
Purchase of Investments	(7,125.26)	(13,790.57)
Sale of Fixed Assets	210.66	56.84
Sale of Investments	7,997.08	13,039.85
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(8,615.72)	(8,343.06)
(C) CASH FLOW USED IN FINANCING ACTIVITIES:		
Proceeds from Secured Borrowings	150.25	1,034.22
Proceeds from Other Borrowing	2,541.06	260.88
Interest and Finance charges paid	(439.18)	(202.54)
Final and Interim Dividend paid including Tax	(3,303.99)	(1,883.12)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(1,051.86)	(790.56)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(301.89)	(5,664.56)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	15,266.06	20,930.45
ADD :OPENING CASH AND CASH EQUIVALENTS BALANCE OF THE NEW SUBSIDIARIES	—	0.17
	15,266.06	20,930.62
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	14,964.17	15,266.06
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(301.89)	(5,664.56)

Note : Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 7.06 Lacs (Previous Year ₹ 5.02Lacs) which are not available for the use by the Company.

The accompanying notes are an integral part of these Financial Statements.

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012
1. SIGNIFICANT ACCOUNTING POLICIES:
1) Principles of consolidation:

- a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of separate audited Financial Statements of AIA Engineering Limited (AIA) and its subsidiaries.
- b) The Consolidated Financial Statements have been prepared on the following basis:
 - (i) The Financial Statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard-21 (AS 21).
 - (ii) In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end. Any exchange difference arising on consolidation is recognised in "Exchange Fluctuation Translation Reserve".
 - (iii) The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the Subsidiaries is recognised in the Financial Statements as Goodwill or Capital Reserve as the case may be.
 - (iv) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
 - (v) Minority Interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the Consolidated Balance Sheet separate from Liabilities and the Equity of the Company's shareholder.
 - (vi) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the Consolidated Financial Statements.
- 2) The list of Subsidiary Companies included in consolidation with AIA Engineering Limited (AIA) and AIA's shareholding therein is as under:

Name of Subsidiaries	Country of Incorporation	Shareholding as at 31-03-2012	Shareholding as at 31-03-2011
Welcast Steels Limited	India	71.59%	71.59%
DCPL Foundries Limited	India	70.00%	70.00%
Vega Industries (Middle East) F.Z.E.	U.A.E.	100.00%	100.00%
Vega Industries Limited, U.K.	U.K.	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Vega Industries Limited, U.S.A.	U.S.A.	100% by Vega Industries Limited, U.K	100% by Vega Industries Limited, U.K
Vega Steel Industries (R.S.A.) (Proprietary) Limited	South Africa	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Wuxi Weigejia Trade Co. Ltd.	China	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.

3) Basis of Accounting:

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognised on accrual basis.

4) Use of Estimates:

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)****5) Revenue Recognition:**

Sales are stated net of rebate and trade discount and exclude Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Export Benefits are accounted / recognised on accrual basis.

Dividends on Financial Instruments are recognised as and when realised. Interest on deposits is recognised on accrual basis.

6) Fixed Assets:

Tangible Fixed Assets acquired by the group are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalised up to the date when the asset is ready for its intended use.

Intangible Assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Capital work in progress includes cost of assets at sites & construction expenditure.

7) Impairment of Assets:

The carrying value of assets of the group's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sales.

8) Inventories:

Inventories of Raw Materials and Stores are valued at cost or net realisable value whichever is lower after considering the credit of VAT and Cenvat and stock in transit and stock lying at third party premises are valued at cost.

Inventories of Work in Process are valued at cost or net realisable value, whichever is lower.

Inventories of Finished Goods are valued at cost or net realisable value whichever is lower. Cost of Finished Goods and Work-in-process are determined using the absorption costing principles. Cost includes the cost of material consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of Finished Goods.

Cost of raw materials, stores and spares are determined on weighted average basis.

9) Depreciation:

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time, except for the following subsidiaries:

	Name of Subsidiaries	Basis of Depreciation
1	Welcast Steels Limited	In case of assets acquired after 31-3-1996, Written Down Value Method as per the rates specified in Schedule XIV to the Companies Act, 1956.
2	Vega Industries (Middle East) F.Z.E.	Equal annual installments over estimated useful lives of the assets.
3	Vega Industries Limited, U.S.A.	Straight-line method over the estimated useful lives of the assets.
4	Vega Industries Limited, U.K.	Written Down Value Method over the estimated useful lives of the assets.
5	Wuxi Weigejia Trade Co. Ltd., China	Straight-line method over the estimated useful lives of the assets.

Amortisation of intangible assets takes place on a Straight Line basis over the assets anticipated useful life. The useful life is determined based on the period of the underline contract and the period of time over which the intangible assets is expected to be used.

Software is amortised over a period of 6 years. Patents are amortised over a period of 20 years on straight line basis as the benefits are generally available to the company for more than 10 years.

10) Central Excise Duty:

Central Excise Duty is accounted on the basis of payments made in respect of goods cleared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)**11) Foreign Currency Transactions:**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Statement of Profit and Loss.

Cash and Bank Balances, Receivables and Liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates and unrealised translation differences are included in the Statement of Profit and Loss.

Investments in foreign currency (non-monetary items) are reported using the exchange rate at the date of the transaction. Derivative contracts entered are strictly for hedging purposes and not for trading or speculation. Derivative transactions are being considered as off Balance Sheet date transactions and accordingly the gains/ losses arising there from are recognised under respective heads of accounts as and when the settlement takes place with the terms of the respective contracts.

12) Investments:

i) Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

ii) Investment in shares of Foreign Subsidiary Company is expressed in Indian Currency at the rates of exchange prevailing at the time when the investment was made.

13) Borrowing Costs:

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised for the period is determined by applying the interest rate applicable to appropriate borrowings.

14) Earnings per Share:

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earnings per Share is calculated by dividing net profit attributable to Equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

15) Provisions and Contingencies:

A provision is recognised when the group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to the Financial Statements. A Contingent Asset is neither recognised nor disclosed.

16) Product Warranty Expenses:

Product warranty expenses are determined based on group's historical experience and estimates are accrued in the year of sale.

17) Leases:

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vests with the Lessor, are recognised as operating lease. Lease rentals under operating lease are recognised in the Statement of Profit and Loss.

18) Taxation on Income:**(1) The Company and other Indian subsidiaries:**

- a) Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realised in future.

(2) Foreign Companies:

Foreign Companies recognise tax liabilities and assets in accordance with the local laws.

19) Cash Flow Statement:

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 (AS 3) on "Cash Flow Statements" and presents the Cash Flows by operating, investing and financing activities of the Company. Cash and Cash Equivalents presented in the Cash Flow Statements consist of cash on hand and demand deposits with banks.

Cash and Cash Equivalents presented in the Cash Flow Statement consist of cash on hand and short term highly liquid financial instruments which are readily convertible into cash and have original maturities of three months or less from date of purchase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012****2. Share Capital**

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	AUTHORISED SHARE CAPITAL 230000000 Equity Shares of ₹2/- each (Previous Year 230000000 Equity Shares of ₹2/-each)	4,600.00	4,600.00
	Total	4,600.00	4,600.00
2	ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL 94320370 Equity Shares of ₹2/-each fully paid up (Previous Year 94320370 Equity Shares of ₹2/-each fully paid up)	1,886.41	1,886.41
	Total	1,886.41	1,886.41

2.1 The reconciliation of the number of shares outstanding as at March 31,2012 and March 31, 2011 is set out below:

	As at 31st March, 2012		As at 31st March, 2011	
	No of shares	₹ Lacs	No of shares	₹ Lacs
Equity Shares				
Shares outstanding at the beginning of the year	94,320,370	1,886.41	94,320,370	1,886.41
Shares issued during the year	—	—	—	—
Shares outstanding at the end of the year	94,320,370	1,886.41	94,320,370	1,886.41

2.2 Rights, preferences and restrictions attached to Equity Shares :

The Company has one class of equity shares having a par value of ₹2 each. Each Shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31st March, 2012, the amount of Dividend proposed by the Board of Directors of the Company to the Equity Share holders is ₹3 per Share (Previous Year ₹3 per Share)

2.3 The details of Shareholders holding more than 5% shares is set out below :

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Bhadresh K. Shah	39,626,875	42.01%	39,626,875	42.01%
Bhadresh K. Shah, Karta of Bhadresh K. Shah, H.U.F.	18,502,025	19.62%	18,502,025	19.62%
Nalanda India Equity Fund Ltd. HDFC Trustee Company Ltd.	7,918,845	8.40%	—	—
- HDFC Prudent Fund	4,944,218	5.24%	4,507,853	4.78%

2.4 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

336,430 Equity Shares (Previous Year 336,430) of ₹2/- each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd.pursuant to the Scheme of Amalgamation with the Company during the Financial Year 2009-10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
3. Reserves & Surplus

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Capital Redemption Reserve	1,925.74	1,925.74
2	Securities Premium Reserve	26,627.31	26,627.31
3	Revaluation Reserve		
	Balance as per last Financial year	14.06	15.23
	Less: Withdrawal on a/c of Depreciation Transferred to Statement of P & L	1.17	1.17
	Sub Total	12.89	14.06
4	Other Reserves		
	(a) General Reserve		
	Balance as per last Financial year	6,405.91	5,083.41
	Add : Transferred from Statement of Profit and Loss	1,539.10	1,322.50
	Sub Total	7,945.01	6,405.91
	(b) Foreign Currency Translation Reserve	2,555.87	(988.69)
5	Surplus in Statement of Profit and Loss		
	Balance as per last Financial Year	69,431.50	55,697.47
	Add : Profit for the Year	18,120.43	18,358.52
	Less: Appropriations:		
	Proposed Dividend on Equity Shares	2,855.14	2,842.37
	Tax on Dividend	461.69	459.62
	Transferred to General Reserve	1,539.10	1,322.50
	Sub Total	82,696.00	69,431.50
	Total	121,762.82	103,415.83
	Less: Adjustment on account of Consolidation	97.95	89.76
	Net Total	121,664.87	103,326.07

4. Long Term Borrowings

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Secured		
	Term Loan		
	- From Bank	300.86	406.37
	Un Secured		
2	Deferred Payment Liabilities *	127.90	141.87
3	Loans & Advances From Related Parties	283.69	270.00
	Total	712.45	818.24

* Deferred Sales tax under Package Scheme of Incentives 1993 of Govt. of Maharashtra for erstwhile Paramount Centrispun Castings Pvt.Ltd.

4.1 Term Loan
DCPL Foundries Ltd (DFL) (Funded by Andhra Bank)

- Secured by
- Hypothecation of Plant & Machineries, Equipments & Accessories, Book debts and Inventories
- Mortgage of Land and Buildings
- Personal Guarantee of one of the Director for the Amount of ₹ 685 Lacs
- Repayment & Other Terms
- Term Loan carries @ 13% & 18.25% p.a. and Repayable in Equated Quarterly Installments, Last installment falling due on 30th June, 2014 and 31st May, 2016 respectively.

Vega Industries Ltd. U.S.A.

- Secured by Hypothecation of Vehicles
- Term Loan carries @ 3.49% which is repayable over a period of Four years in monthly payment of USD 903.61

4.2 Terms of repayment for deferred payment liabilities are as set out below :

	<u>2-3 years</u>	<u>3-4 years</u>	<u>Beyond 4 years</u>
Deferred Sales tax under Package Scheme of Incentives 1993 (₹ Lacs)	17.38	18.01	92.52



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

5. Deferred Tax Liability (Net)

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	DEFERRED TAX LIABILITIES :		
	Arising on account of timing difference		
	- Fixed Assets : Impact of difference between Tax Depreciation and Depreciation/amortisation charged for the financial reporting	1,924.85	1,703.78
	- Other	0.71	0.73
	TOTAL DEFERRED TAX LIABILITIES (A)	1,925.56	1,704.51
2	DEFERRED TAX ASSETS :		
	Arising on account of timing difference		
	- Fixed Assets : Impact of difference between Tax Depreciation and Depreciation/amortisation charged for the financial reporting	74.11	58.26
	- Leave Encashment	274.47	122.55
	TOTAL DEFERRED TAX ASSETS (B)	348.58	180.81
	T O T A L : (A - B)	1,576.98	1,523.70

6. Long Term Provisions

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Provision for Employee Benefits:		
	Provision for Gratuity	137.86	71.94
2	Provision for Leave Encashment	292.28	226.54
	Total	430.14	298.48

7. Short Term Borrowings

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Secured		
	Loan Repayable on Demand from Bank		
	- Cash Credit	264.90	9.14
	- Packing credit	550.00	550.00
2	Unsecured		
	Loan Repayable on Demand from Bank		
	- Pre shipment Credit	3,045.05	503.71
	Total	3,859.95	1,062.85

8. Trade Payables

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Due to Micro, Small and Medium Enterprises	14.20	7.94
2	Other than Micro, Small and Medium Enterprises	9,850.07	13,006.58
	Total	9,864.27	13,014.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
9. Other Current Liabilities

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Current Maturities of Long Term Debts	220.96	227.28
2	Interest accrued and due on above	6.46	6.88
3	Unpaid Dividend	7.02	5.02
4	Other Payables *	3,324.00	2,018.09
	Total	3,558.44	2,257.27

* Includes Statutory dues and advances from customers.

10. Short Term Provisions

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Provision for employee benefits:		
	- Provision for Bonus	341.49	286.60
	- Provision for Gratuity	113.29	126.40
	- Provision for Leave Encashment	34.48	49.72
2	Others :		
	- Provision for Income tax (Net of Advance tax)	440.80	—
	- Proposed Dividend	2,855.14	2,842.37
	- Provision for Corporate Tax on Dividend	461.69	459.62
	- Provision for Expenses	710.67	641.91
	- Provision for Product Warranty Claims	75.00	30.00
	Total	5,032.56	4,436.62



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

11. Fixed Assets

TANGIBLE ASSETS :									(₹ Lacs)
	Free hold Land	Lease hold Land	Buildings	Plant and Machineries	Furniture and Fixtures	Vehicles	Office Equipments	Others	TOTAL
Cost of Assets									
As at 1st April, 2010	1,204.45	6.67	9,209.98	18,246.14	719.13	528.04	169.85	1,922.39	32,006.65
Addition	674.18	—	2,248.88	3,975.19	78.67	94.63	70.06	540.90	7,682.51
Disposal / Adjustments	—	—	10.80	100.83	1.48	52.41	0.82	25.08	191.42
As at 31st March, 2011	1,878.63	6.67	11,448.06	22,120.50	796.32	570.26	239.09	2,438.21	39,497.74
Addition	738.10	1,326.77	3,255.39	4,233.89	161.40	59.66	13.46	443.41	10,232.08
Disposal / Adjustments	—	—	28.71	30.24	0.18	144.60	1.54	3.17	208.44
As at 31st March, 2012	2,616.73	1,333.44	14,674.74	26,324.15	957.54	485.32	251.01	2,878.45	49,521.38
Depreciation									
As at 1st April 2010	—	—	1,207.11	7,841.52	242.82	204.88	101.56	702.03	10,299.92
Charge for the year	—	—	355.59	1,836.30	49.47	51.68	17.65	218.66	2,529.35
Disposal / Adjustments	—	—	0.57	43.25	0.58	33.46	0.84	11.42	90.12
As at 31st March, 2011	—	—	1,562.13	9,634.57	291.71	223.10	118.37	909.27	12,739.15
Charge for the year	—	—	426.82	2,082.66	56.87	52.42	19.64	272.64	2,911.05
Disposal / Adjustments	—	—	0.79	22.40	2.39	79.85	3.38	(1.34)	107.47
As at 31st March, 2012	—	—	1,988.16	11,694.83	346.19	195.67	134.63	1,183.25	15,542.73
Net Block									
As at 31st March, 2011	1,878.63	6.67	9,885.93	12,485.93	504.61	347.16	120.72	1,528.94	26,758.59
As at 31st March, 2012	2,616.73	1,333.44	12,686.58	14,629.32	611.35	289.65	116.38	1,695.20	33,978.65
CAPITAL WORK-IN-PROGRESS :									
PARTICULARS									₹ Lacs
As at 31st March, 2011									1,516.44
As at 31st March, 2012									1,808.49
INTANGIBLE ASSETS :									
(₹ Lacs)									
					Goodwill	Software	Patents and Copyrights		TOTAL
Cost of Assets									
As at 1st April, 2010					1,421.52	61.06	2.45		1,485.03
Addition					—	36.69	2.14		38.83
Disposal / Adjustments					0.41	—	—		0.41
As at 31st March, 2011					1,421.11	97.75	4.59		1,523.45
Addition					—	159.89	7.50		167.39
Disposal / Adjustments					(0.42)	—	—		(0.42)
As at 31st March, 2012					1,421.53	257.64	12.09		1,691.26
Depreciation									
As at 1st April 2010					28.62	8.25	0.83		37.70
Charge for the year					—	11.37	0.14		11.51
Disposal / Adjustments					—	—	—		—
As at 31st March, 2011					28.62	19.62	0.97		49.21
Charge for the year					—	34.11	0.43		34.54
Disposal / Adjustments					20.65	—	—		20.65
As at 31st March, 2012					7.97	53.73	1.40		63.10
Net Block									
As at 31st March, 2011					1,392.49	78.13	3.62		1,474.24
As at 31st March, 2012					1,413.56	203.91	10.69		1,628.16
11.1 Leasehold Land includes ₹315.84 Lacs (Previous Year ₹ Nil) in respect of which Sale deed / lease deed are pending for execution									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
12. Non Current Investments

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Trade Investments (Valued at Cost)		
	LONG TERM TRADE INVESTMENTS: (UNQUOTED)		
	A. INVESTMENT IN OTHER COMPANY :		
	25 Equity Shares of Coramangla Properties Pvt. Ltd. of ₹100 each fully paid-up. (Previous year 25 Equity Shares)	0.03	0.03
	B. INVESTMENT IN GOVERNMENT SECURITIES :		
	National Savings Certificates	0.07	0.07
	Total	0.10	0.10

13. Long Term Loans and Advances

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Unsecured, Considered Good unless otherwise stated :		
1	Capital Advances	1,228.53	406.95
2	Security Deposit		
	- Earnest Money Deposit	2.52	3.74
	- Other Deposit	442.54	429.27
3	Other Loans & Advances		
	- Loans and Advances to Staff	124.68	90.67
	Total	1,798.27	930.63

14. Other Non Current Assets

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Long Term Trade Receivables		
	Unsecured, Considered Good	572.17	446.88
2	Others		
	Bank FD for more than 12 months (Transferred from Cash and Bank balances)	46.91	39.86
	Total	619.08	486.74

15. Current Investments

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	(Valued at Cost unless otherwise stated)		
	Investment in Mutual Fund (Unquoted)	14,025.83	15,013.32
	Total	14,025.83	15,013.32

16. Inventories

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	(As taken, valued & certified by the Directors) (At lower of cost or Net Realisable Value)		
1	Raw Material	4,368.11	5,182.32
2	Raw Material -in-transit	194.87	557.86
3	Work in Process	9,064.20	6,863.26
4	Finished Goods	11,637.27	8,415.84
5	Stores & Spares	4,400.01	2,532.70
6	Stores & Spares in-transit	444.41	115.13
	Total	30,108.87	23,667.11



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

17. Trade Receivables

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
	Unsecured , Considered Good :		
	Outstanding for more than six months	1,701.64	1,189.96
	Others	35,470.92	34,248.89
	Total	37,172.56	35,438.85

18. Cash & Bank balances

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Cash & Cash Equivalent		
	(a) Balance with Scheduled Banks (Including Remittances in Transit ₹ Nil Previous Year ₹155.34)	12,579.26	10,143.31
	(b) Cash on Hand	9.58	12.37
	(c) Others		
	- In Fixed Deposits	1,475.34	4,884.63
	Sub Total (A)	14,064.18	15,040.31
2	Other bank Balances		
	(a) Fixed Deposits with Bank		
	- Less than 12 months	892.93	220.73
	- More than 12 months	46.91	39.86
	(b) Earmarked Balances with Bank (Unpaid Dividend)	7.06	5.02
		946.90	265.61
	Less : Bank FD for more than 12 months transferred to Non Current Assets	46.91	39.86
	Sub Total (B)	899.99	225.75
3	Cheques on Hand		
	Sub Total (C)	—	—
	Total [A + B]	14,964.17	15,266.06

19. Short Terms Loans and Advances

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Unsecured, Considered Good :		
	Loans & Advances to related parties : (Refer Note No.30)	—	—
2	Others		
	Advance Recoverable in cash or in kind or for value to be considered good	1,645.15	2,163.65
	Sundry Deposits and Advances	660.12	636.07
	Advance Income Tax (Net of Provision)	—	494.76
	Balance With Statutory / Government authorities	9,760.02	5,189.51
	Loans and Advances to Staff	518.34	227.05
	Total	12,583.63	8,711.04

20. Other Current Assets

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1	Interest Accrued on Investments	12.22	7.74
2	Advance Premium on Forward Contracts	324.00	—
	Total	336.22	7.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
21. Revenue from Operations

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Revenue from Operations Sale of Products A. Sales in India B. Sales Outside India	55,691.85 85,781.31	50,118.12 69,221.21
2	Other Operating Revenue Exports Incentives *	141,473.16 6,413.90	119,339.33 2,441.84
	Total	147,887.06	121,781.17

* The Company has hitherto been accounting for export benefits on receipt basis i.e. as and when utilised / sold. During the year the Company changed its method of accounting from receipts to accrual, as consequence of this, current year export incentives and profit is higher by ₹3,233.34 lacs

22. Other Income

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Interest (Gross)	263.36	374.26
2	Dividend from Mutual Funds (Current Investment)	725.30	905.63
3	Dividend from subsidiary (Trade Investment)	9.14	9.14
4	Profit on Sale of Assets	19.79	18.28
5	Other Non Operating Income		
	- Gain on Exchange Rate Fluctuation	—	536.07
	- Profit on Sale of Mutual Fund Units	—	116.65
	- Insurance Claim received	11.27	19.99
	- Miscellaneous Receipts	217.65	491.15
	- Sundry balances written back	80.80	1.15
	Total	1,327.31	2,472.32

23. Cost of Materials Consumed

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
	Opening Stock	5,948.11	5,002.17
	Add : Purchases	56,615.63	45,685.94
	= Sub Total	62,563.74	50,688.11
	Less: Closing Stock	4,562.98	5,948.11
	Total	58,000.76	44,740.00

24. Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Opening Stock : Work in Process	6,770.15	4,573.64
	Opening Stock : Finished Goods	9,508.37	3,849.93
	Less :		
2	Closing Stock : Work in Process	9,064.20	6,770.15
	Closing Stock : Finished Goods	10,972.34	8,698.64
	Total	(3,758.02)	(7,045.22)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

25. Employee Benefits Expense

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Salaries, Wages and Bonus	5,829.25	4,668.43
2	Contribution to Provident Fund / ESIC / Gratuity	430.94	414.72
3	Staff Welfare Expenses	228.33	142.90
	Total	6,488.52	5,226.05

26. Finance Costs

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Interest Expense:		
	- For Short Term Borrowings	158.13	104.97
	- For Term Loan	96.76	69.40
	- Applicable net gain / loss on foreign currency transactions and translation	165.53	—
	- For Others	0.18	0.11
2	Other Borrowing Costs	18.58	28.06
	Total	439.18	202.54

27. Depreciation & Amortised Cost

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Depreciation	2,945.60	2540.87
	Less : Amount Transferred to Revaluation Reserve	1.17	1.17
	Total	2,944.43	2,539.70

28. Other Expenses

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Manufacturing Expenses		
	Consumption of Stores		
	Opening Stock	2,647.83	2,025.97
	Add : Purchases	17,231.79	13,639.10
	= Sub Total	19,879.62	15,665.07
	Less : Closing Stock	4,844.44	2,575.66
	= Stores Consumed	15,035.18	13,089.41
	Power and Fuel	14,900.11	11,231.53
	Labour Charges	3,959.35	2,967.74
	Freight Inward, Octroi, Coolies and Cartages	1,651.62	657.42
	Repairs and Maintenance		
	- To Buildings	131.98	155.97
	- To Plant and Machineries	498.16	305.98
	- To Other Assets	130.10	86.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)
28. Other Expenses

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
2	Selling and Distribution Expenses		
	Freight Outward, Coolies and Cartages	5,192.29	4,226.72
	Commission Expenses	1,250.42	849.49
	Travelling Expenses		
	- For Directors	87.89	10.60
	- For Staff and Guests	952.60	809.02
	Sales Promotion / Gift Expenses	268.79	44.12
	Advertisement Expenses	11.84	18.28
	Product Warranty Expenses	113.55	23.21
	Late Delivery Charges	17.15	20.89
	Bad Debts	109.26	44.78
	Central Excise Duty and CVD	22.76	30.59
	Sales tax	0.51	39.75
	Other Selling & Distribution Expenses	38.73	12.85
3	Administrative Expenses		
	Insurance Premium Expenses	179.33	157.88
	Rent Expenses	158.18	118.49
	Rates and Taxes	37.44	41.74
	Service Charges	412.13	2.48
	Directors' Sitting Fees	4.70	4.83
	Payment to Auditors		
	- As Auditor		
	Statutory Audit Fees	55.85	43.10
	Tax Audit Fees	1.00	1.00
	- For Other Services	6.60	5.67
	Legal and Professional Consultancy Fees	1,244.71	1,146.64
	Bank Commission Charges	377.61	232.43
	Printing and Stationery Expenses	71.01	70.53
	Postage, Telephones, Courier, Internet & E-mail	228.95	194.06
	Computer Expenses	13.16	13.53
	Vehicle Repairs and Maintenance	91.35	68.61
	Conveyance Expenses	114.88	94.39
	Security Expenses	202.13	135.72
	Subscription and Membership Fees	7.81	6.59
	Entertainment Expenses	11.24	15.85
	Donation Expenses	97.98	83.17
	Seminar Expenses	4.17	0.96
	License Fees	4.28	11.45
	Inspection Charges	18.77	18.62
	Water Charges	24.72	14.86
	Office Expenses	37.93	13.10
	Electricity Expenses	10.68	8.44
	Service Tax	11.66	11.75
	Garden Expenses	10.73	9.10
	Festival Celebration Expenses	10.96	8.24
	Factory GVMM / GIDC Administrative Charges	16.57	8.44
	Plantation (under CSR) Expenses	8.87	5.50
	Loss on Sale of Assets	17.57	25.76
	Loss on Exchange Rate Fluctuation	815.80	—
	Change in fair Value of Investment	115.67	—
	General / Miscellaneous Expenses	130.38	127.20
	Total	48,927.11	37,325.21



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd...)

29. Current Tax

Sr. No.	Particulars	Year ended 31st March, 2012 ₹ Lacs	Year ended 31st March, 2011 ₹ Lacs
1	Current Tax	6,961.40	6,045.10
2	Short Provision for earlier years	1.07	(0.55)
	Total	6,962.47	6,044.55

30. Earnings Per Share

Sr. No	Particulars		Year ended 31st March, 2012	Year ended 31st March 2011
1	Profit attributable to the Equity Shareholders (₹ Lacs)	A	18,120.43	18,358.52
2	Basic / Weighted average number of Equity Shares outstanding during the period	B	94,320,370	94,320,370
3	Nominal value of Equity Shares (₹)		2	2
4	Basic/Diluted Earnings per Share (₹)	A / B	19.21	19.46

31. Based on the guiding principles given in Accounting Standard on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India, the Group operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment as far as Primary Segment is concerned.

Information about Secondary Geographical Segments:

(₹ Lacs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue by Geographical Segment		
India	50,483.05	48,553.37
Outside India	86,097.00	70,038.50
Addition to Fixed Assets and Intangible Assets		
India	10,133.22	7,530.10
Outside India	57.81	(0.50)
Carrying amount of Fixed Assets (Net)		
India	37,160.35	29,546.94
Outside India	254.95	202.33

- 1) **Geographical Segments considered for disclosures are as follows:**
 - Sales within India include Sales to Customers located within India.
 - Sales outside India include Sales to Customers located outside India.
- 2) **Revenue comprises**

(₹ Lacs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from operations	141,666.64	116,065.67
Other income	1,327.31	2,472.32

32. In case of Vega Industries (Middle East) F.Z.E., U.A.E., the revenue and expenses transactions at the year end reflected in the Statement of Profit & Loss have been translated into Indian Rupees at an average of monthly exchange rate. The Assets and Liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange gain/ loss have been disclosed as "Foreign Currency Translation Reserve".

33. **Related party disclosures under Accounting Standard 18:**

(a) Relatives of Key Management Personnel :	(b) Key Management Personnel :
1 Mrs. Giraben K. Shah	1 Mr. Bhadresh K. Shah
2 Mrs. Gita B. Shah	2 Dr. S. Srikumar
3 AB Tradelink Pvt.Ltd.	3 Mr. Pradip R. Shah
4 Powertec Engineering Pvt.Ltd.	4 Mr. Paryank R. Shah
	5 Mr. Jules Spede
	6 Mr. R.A. Gilani
	7 Mr. Yashwant M. Patel
	8 Mr. Vinod Narayan
	9 Mr. V V R Mohana Rao
	10 Mr. Yashraj

Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012:

Sr. No	Nature of Transaction	Relatives of Key Management Personnel ₹ Lacs	Key Management Personnel ₹ Lacs
1	Rent, Rates & Taxes paid	2.24	—
2	Retainership Fee paid	27.44	—
3	Commission paid	35.69	—
4	Salary, Bonus and Perquisites	1.44	—
5	Professional Charges	—	3.00
6	Repair & Maintenance of Equipments	10.57	—
7	Directors' Remuneration and perquisites	—	134.69
8	Books & Periodicals	0.42	—
	Balance outstanding at the year end (Receivable)	0.19	—
	Balance outstanding at the year end (Payable)	0.66	—



AIA ENGINEERING LIMITED - CONSOLIDATED

Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

Sr.No.	Description	Related Parties	₹ Lacs
1	Rent, Rates & Taxes paid	Mrs. Gita B. Shah Mrs. Giraben K. Shah	0.75 1.49
2	Retainership Fee paid	Powertec Engineering Pvt .Ltd.	27.44
3	Commission paid	AB Tradelink Pvt. Ltd.	35.69
4	Salary, Bonus and Perquisites	Mrs. Gita B. Shah	1.44
5	Professional Charges	Mr. Pradip R. Shah	3.00
6	Repair & Maintenance of Equipments	Powertec Engineering Pvt.Ltd.	10.57
7	Books & Periodicals	AB Tradelink Pvt. Ltd.	0.42
8	Directors' Remuneration and perquisites	Mr. Bhadresh K.Shah	77.91
		Mr. Paryank R. Shah	48.98

34. Contingent Liabilities not provided for in Accounts:

Sr. No.	Particulars	As at 31st March, 2012 ₹ Lacs	As at 31st March, 2011 ₹ Lacs
1.	Contingent Liabilities		
	a. Claims against the Company not acknowledged as debts		
	i) Central Excise & Service Tax	1,860.25	1,593.80
	ii) Income Tax	2,506.15	1,656.90
	iii) Sales Tax / Central Sales Tax	68.50	74.10
	iv) Interest payable to Financial institute	7.60	7.60
	v) Custom duty matters in dispute	—	556.40
	b. Guarantees		
	i) Bank Guarantees Outstanding	6,848.23	5,065.20
	ii) Corporate Guarantees Outstanding to Customers	1,141.45	1,087.80
	iii) Guarantees given by the Company on behalf of Subsidiaries	1,526.10	307.60
2.	Commitments		
	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	1,195.11	696.40
	Total	15,153.39	11,045.80

35. Derivative Instruments:

- a) The Company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks.

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of Derivatives Contracts outstanding as on 31.03.2012 are as under:

Currency	Exposure to Buy / Sell	No. of contracts	As at the year ended	
			₹ Lacs	Foreign currency
Us Dollar (AIA)	Sell	5	19,459.69	38,250,000
(Previous year)(AIA)	Sell	(4)	(21,014.44)	(47,250,000)
Us Dollar (VEGA ME)	NIL	NIL	NIL	NIL
(Previous year) (VEGA ME)	Buy	(3)	(3,002.10)	(6,750,000)
ZAR (VEGA ME)	NIL	NIL	NIL	NIL
(Previous year) (VEGA ME)	Sell	(3)	(3,138.50)	(48,285,000)

The notional mark-to-market loss on these unexpired contracts of AIA Engineering Limited as on 31-3-2012 amounting to ₹829.86 Lacs has not been considered in the Financial Statements. The actual gain / loss could vary and be determined only on settlement of the contract on their respective due dates.

b) Foreign currency exposure at the year end not hedged by derivative instruments:

	As at 31st March, 2012	As at 31st March, 2011
Payables against import of goods and services		
Rupees (In Lacs)	666.51	43.01
US Dollar	1,044,559	68,572
Euro	199,086	19,280
Switzerland Francs	NIL	691
Advance payment to suppliers and for Expenses		
Rupees (In Lacs)	882.32	305.25
US Dollar	313,189	378,971
Switzerland Francs	8207	NIL
Euro	1,044,549	184,441
United Kingdom Pounds	11,455	28,277

36. Operating Lease Agreements:

Vega Industries Ltd. (U.S.A.) and Vega Industries Ltd. (U.K.) have entered in to a non cancelable lease agreement for one of its office spaces with the lease term expiring in April, 2015

At 31st March, 2012 the future minimum rental payments under non-cancelable operating lease consist of the following:

Year Ending March 31	(₹ Lacs)
2013	33.46
2014	31.78
2015	24.95
2016	17.36

Total rent expenses as on 31st March, 2012 and on 31st March, 2011 was ₹ 28.74 Lacs and ₹42.10 Lacs respectively.

37. Till the year ended 31st March, 2011, the Company was using Pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of its Financials Statements. During the year ended 31st March, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

Schedules referred to herein above form an integral part of Financials Statements.

Signature to Notes 1 to 37

As per our report of even date attached.

For **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2012

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2012



STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ Lacs)

Sr. No.	Name of Subsidiary Company	Country	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1.	Welcast Steels Limited, Bangalore	India	INR	63.84	2537.32	5949.97	3348.81	0.01	21729.83	387.02	124.50	262.52	25.53
2.	DCPL Foundries Limited, Trichy	India	INR	100.00	(601.60)	2388.40	2890.00	NIL	4188.98	(453.74)	(40.17)	(413.57)	NIL
3	Vega Industries (Middle East) F.Z.E., Ajman, UAE	U.A.E.	US Dollar	149.39	23941.06	42111.92	18005.52	2815.23	79842.09	3157.04	0.00	3157.04	NIL
4.	Vega Industries Limited, U.K.	U.K.	Pound	6.88	1920.28	9814.10	7885.67	NIL	19859.80	425.04	110.55	314.49	NIL
5.	Vega Industries Limited, U.S.A.	U.S.A.	US Dollar	24.01	429.23	5120.63	4665.97	NIL	8074.46	15.58	1.20	14.38	NIL
6.	Vega Steel Industries (RSA) Pty Ltd., South Africa	RSA	RAND	0.01	254.79	9207.04	8952.24	NIL	20527.21	38.59	10.81	27.79	NIL
7.	Wuxi Weigejia Trade Co. Ltd., China	China	CNY	27.05	(26.27)	895.08	889.14	NIL	1032.61	1.01	0.00	1.01	NIL

Place : Ahmedabad

Date : 30th May, 2012

(RAJENDRA S. SHAH)

Chairman

(BHADRESH K. SHAH)

Managing Director

(BHUPENDRA A. SHAH)

Director

(S. N. JETHELIYA)

Company Secretary

NOTICE

Notice is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the members of **AIA ENGINEERING LIMITED** will be held on Monday, the 13th August, 2012 at 10.00 A.M. at H.T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the Financial Year ended 31st March, 2012.
3. To appoint a Director in place of Dr. S. Srikumar, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. Rajendra S. Shah, who retires by rotation and being eligible, has offered himself for re-appointment.
5. To re-appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Master Circular on Foreign Investments in India dated 1st July, 2011 issued by the Reserve Bank of India (RBI) and other applicable rules, guidelines, regulations, notifications, circulars and procedures, if any (including any amendments or re-enactments or re-notification thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions of the Ministries of Finance and Company Affairs, Government of India, the Foreign Investment Promotion Board, RBI and other authorities and such other conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company, consent of the Company be and is hereby accorded to increase the investment limits by SEBI registered Foreign Institutional Investors ("the FIIs") including their sub-accounts in the Equity Share Capital of the Company, either by direct investment or by purchase or otherwise by acquiring from the market under Portfolio Investment Scheme under FEMA on repatriation basis from 24% to 49% of the paid-up Share Capital of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors or a Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper and expedient for the purpose of giving effect to this Resolution and for the matters connected therein or incidental thereto."

By Order of the Board of Directors,
For **AIA Engineering Limited**

Place : Ahmedabad
Date : 30th May, 2012
Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad – 382 410

(S. N. Jetheliya)
Company Secretary

NOTES

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect to the Item No. 6 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
3. The instrument of proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 4th August, 2012 to 13th August, 2012 (both days inclusive).
5. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall.

**6. Payment of Dividend:**

- (a) The Bank account particulars of the members holding shares in physical form will be printed on the dividend warrants. Hence the members are advised to intimate changes, if any in their registered address along with Pin Code and submit particulars of their bank account viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 6th August, 2012 directly to the Company's Registrar & Share Transfer Agent (RTA), Link Intime India Pvt. Ltd., C/13, Pannalal Silk Mills Compound, Kantilal Maganlal Ind. Estate, L.B.S. Marg, Bhandup (West), MUMBAI – 400 078 or at its Branch Office at 303, 3rd Floor, Shopper's Plaza – V, Near 5 Government Society, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad – 380009.
- (b) Members holding shares in demat form are advised to inform the changes, if any, in particulars of their bank account to their respective Depository Participants.
- (c) Ministry of Corporate Affairs vide Circular No. 17/95/2011 CL-V dated 21.02.2011 has taken a "Green Initiative in the Corporate Governance" by allowing / permitting service of documents etc. in electronic form.

In view of the above, we propose to send documents, such as the Notice of the Annual General Meeting, Annual Report, Half-yearly communications etc. henceforth to shareholders in Electronic Form at the e-mail address provided by them and made available to us by the depositories from time to time.

In case you wish to receive the above documents in physical form, you are requested to please inform to the below mentioned E-mail ID. Please quote Name, your Demat Account No. [DP ID No. and Client ID No.].

Email ID for reply : ric@aiaengineering.com

Those members who have so far not en-cashed their dividend warrants for the under mentioned Financial Years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investors' Education and Protection Fund (IEPF) of the Central Government, pursuant to Section 205 C of the Companies Act, 1956 on the respective dates mentioned against Financial year. Kindly note that after such dates, the members will loose their rights to claim such dividends.

Sr. No.	Financial Year	Due date of Transfer to IEPF
1.	2005-06	04.10.2013
2.	2006-07	07.09.2014
3.	2007-08	23.09.2015
4.	2008-09 – Interim Dividend	19.11.2015
5.	2008-09 – Final Dividend	30.10.2016
6.	2009-10 – Interim Dividend	15.02.2017
7.	2009-10 – Final Dividend	19.08.2017
8.	2010-11	19.08.2018

7. Re-appointment of Directors:

Dr. S. Srikumar and Mr. Rajendra S. Shah, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Pursuant to the requirements under the Listing Agreement with the Stock Exchanges relating to Corporate Governance, a statement containing brief resumes of the above Directors together with the details of shares held by them, if any, is attached hereto.

REQUEST TO THE MEMBERS

1. Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered Office, so as to enable the Company to keep the information ready.
2. Members are requested to bring their copy of the Annual Report to the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:**ITEM NO. 6**

The Reserve Bank of India had through its Master Circular No. 15/2011-12 dated 1st July, 2011 on Foreign Investments in India and A. P. (DIR Series) Circular No. 94 dated 19th March, 2012 permitted companies to increase the limit of investments by Foreign Institutional Investors (FIIs) up to their Sectoral caps or statutory limits, as applicable, by passing a resolution by its Board of Directors followed by a Special Resolution to that effects by its General Body.

It has come to the notice of the Company that the above threshold limit has recently been marginally exceeded. The Board of Directors of the Company at its meeting held on 30th May, 2012, inter alia, proposed, subject to the approval of Members by way of a Special Resolution, to enhance the said FIIs investment ceiling upto 49 % permitted by the Reserve Bank of India.

The resolution set out in the accompanying Notice will enable the FIIs to acquire shares of the Company through authorized dealers within the revised ceiling under the Portfolio Investment Scheme.

Hence, the Board of Directors recommends the Special Resolution set out in the Notice for your approval.

None of the Directors may be deemed to be concerned or interested in this resolution only to the extent of their respective Shareholding in the Company to the same extent as that of every other member of the Company.

By Order of the Board of Directors,
For **AIA Engineering Limited**

(S. N. Jetheliya)
Company Secretary

Place : Ahmedabad
Date : 30th May, 2012
Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad – 382 410

**ANNEXURE TO THE NOTICE**

Disclosure pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting (Refer Item No.3 & 4) of the Notice

Name	Dr. S. Srikumar	Mr. Rajendra S. Shah
Date of Birth	25-11-1959 - (53 years)	01-02-1948 (64 Years)
Re-Appointed / Appointment on	20th January, 2009	15th March, 2005
Qualifications	M. Tech (Industrial Engg.). He has completed his Ph.D. in 1988 and holding PGDM from AIMA.	B. E. (Mech)
Expertise in specific functional areas	He possesses vast knowledge and experience of Industry, Project Management, Technical Evaluation, Engineering Coordination and Administration.	He is a Mechanical Engineer and is an Industrialist. He has an entrepreneurial insight into running engineering business. He possesses rich and varied experience in Administration and Finance. He is the Chairman and Managing Director of Harsha Engineers Ltd. manufacturers of bearing cages.
Directorships held in other Public Companies	Promec Engineering Industries Ltd.	Welcast Steels Limited Harsha Engineers Ltd. Transformers & Rectifiers (India) Ltd. Shilp Gravures Ltd.
Membership/ Chairmanships of Committees across other Public Companies	NIL	Chairman - 3 Members - 1
No. of Equity Shares held in the Company.	NIL	805



AIA ENGINEERING LIMITED

Regd. Office : 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410

ATTENDANCE SLIP

Twenty Second Annual General Meeting to be held on Monday, the 13th August, 2012 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.

Folio No.: _____ DPID No _____ Client ID No _____

Name of Shareholder (s) _____

I /We certify that I am / we are Member (s) / Proxy of the Member (s) of the Company holding _____ Shares.

Signature of Member (s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
- Name of the Proxy in Block Letters: _____
(in case a Proxy attends the meeting)

AIA ENGINEERING LIMITED

Regd. Office : 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410

PROXY FORM

I /We _____ of _____ being a Member /Members

of AIA Engineering Limited hereby appoint Mr. _____ of

_____ or failing him Mr. _____ of

_____ as my /our proxy to attend and vote for my / our behalf at the **Twenty Second Annual General Meeting** to be held on Monday, the 13th August, 2012 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015 and at any adjournment thereof.

In witness where of

I /We have signed on this _____ day of _____ 2012.

Folio No. : _____ DPID No. _____

Client ID No. : _____ No. of Shares _____

Affix
Re 1
revenue
stamp

A Member intending to appoint a Proxy should complete the Proxy Form and deposit it at the Company’s Registered Office, at least 48 hours before the commencement of the meeting.



AIA's Employees taking the Safety Pledge on World Safety Day.



Tree Plantation at Air Force Base, Chiloda, Gandhinagar.



AIA ENGINEERING LIMITED
ISO 9001 CERTIFIED

Registered Office: 115, GVMM Estate, Odhav Road, Ahmedabad - 382410
Tel: +91 79 22901078 - 81 Fax: +91 79 22901077
Email: snj@aiaengineering.com Website: www.aiaengineering.com