

HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS

304/B, HVS Courts,
21, Cunningham Road,
Bangalore - 560 052.
Ph : 41146152
Fax : (080) 2255184
E-mail : hari304b@yahoo.com

AUDITORS' REPORT

The Members of
M/s. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

We have audited the attached Balance Sheet of **BHUWALKA CASTINGS & FORGING PRIVATE LIMITED**, as at **31st MARCH 2008** and also the Profit and Loss Account and Cash flow Statement of the Company 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.

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

We report as follows:

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks and verifications of the books of accounts as we considered necessary and to the best of our knowledge and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above,
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) 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 the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

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d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) In our opinion, and to the best of our knowledge and according to the information and explanations given to us, the accounts give the information required by the Companies Act 1956 in the manner so required, read with other notes in Schedule 21 give a true and fair view:

- 1) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008 ;
- 2) In the case of Profit and Loss Account, of the profit of the company for the year ended on that date; and
- 3) In the case of Cash Flow Statement, of the Cash Flow of the company for the year ended on that date.

For HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS



M. HARIHARAN
Proprietor
Membership No. 22412.

PLACE: BANGALORE
DATE: 11/06/2008.

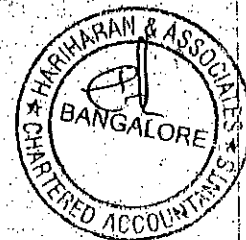
ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITOR'S TO THE MEMBERS OF M/S. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR 31ST MARCH, 2008.

1. The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Company has drawn up a programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, Fixed Assets were physically verified by the Management during the year. No material discrepancies were noticed on such verification. No substantial part of the fixed assets has been disposed off during the year.
2. As explained to us, inventories have been physically verified during the year by the management, except for inventories lying with outside parties, which have, however, been confirmed by them. The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies were noticed on physical verification and the company is maintaining proper records of its inventory.
3. As per the information and explanations furnished by the Management, the company has neither granted nor taken any loans to/from the companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. 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, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. 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 rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. In our opinion, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
6. The company has not accepted deposits from the public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act 1956 and the rules thereunder are not applicable to the company. The Company Law Board has not passed any order with regard to public deposits.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 in respect of the manufacturing activities of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Customs Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding at the year end for a period of more than six months from the date they became payable. Based on information and explanations given to us, the disputed Sales Tax/Excise Duty/Service Tax that have not been deposited on account of matters pending before appropriate authorities are as under :



Sr. No	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount
1	Central Excise Act, 1944	Excise Duty & Service Tax	The Commissioner of Central Excise Appeal Nb. 21/2001.	16,42,078.00

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/society and hence clause 4 (xiii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion, the Company is not a dealer or a trader in shares, securities, debentures and other investments.
15. The company has not given guarantees for loans taken by others from banks or financial institutions.
16. The term loans raised by the company were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment by the company.



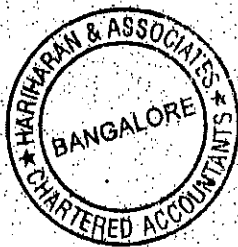
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued debentures during the year.

20. The Company has not raised money through a public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS



A handwritten signature in black ink, appearing to be "M. Hariharan".

PLACE: BANGALORE
DATE: 11/06/2008.

M. HARIHARAN
Proprietor
Membership No. 22412.

BHUWALKA CASTINGS & FORGINGS PVT LIMITED

BALANCE SHEET AS AT 31st MARCH, 2008

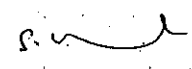
(Amount in Indian Rupees)


PARTICULARS	SCH NO.	AS AT	
		31/03/2008	31/03/2007
I. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS			
a. Share Capital	01	27,239,050.00	10,000,000.00
b. Reserves & Surplus	02	11,037,138.21	2,387,035.63
2. LOAN FUNDS :			
a. Secured Loan	03	66,361,218.04	49,589,603.58
b. Unsecured Loans	04	36,926,191.39	17,239,050.00
3. DEFERRED TAX LIABILITY		3,783,861.00	2,125,312.00
		145,347,458.64	81,341,001.21
II. APPLICATION OF FUNDS :			
1. FIXED ASSETS:			
GROSS BLOCK	05	78,539,704.51	56,510,750.85
DEPRECIATION		(4,542,026.68)	(1,415,868.94)
NET BLOCK		73,997,677.83	55,094,881.91
ADD: Capital Work in Progress		2,243,821.00	-
		76,241,498.83	55,094,881.91
2. INVESTMENTS	06	10,000.00	10,000.00
3. CURRENT ASSETS, LOANS AND ADVANCES			
a. Inventories	07	75,553,876.00	45,981,411.67
b. Sundry Debtors	08	8,725,200.65	11,955,330.97
c. Cash and Bank Balances	09	2,301,561.75	499,606.05
d. Loans & Advances	10	35,481,339.28	21,644,801.45
		122,061,977.68	80,081,150.14
LESS : CURRENT LIABILITIES & PROVISIONS	11	53,549,754.61	54,272,396.93
NET CURRENT ASSETS		68,512,223.07	25,808,753.21
4. PRELIMINARY EXPENSES	12	583,736.74	427,366.09
TOTAL		145,347,458.64	81,341,001.21

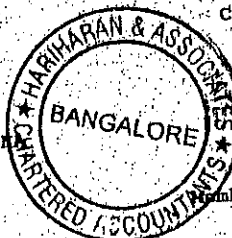
SCHEDULES 1 TO 21 FORM AN INTEGRAL PART OF THIS ACCOUNTS.

FOR AND ON BEHALF OF THE BOARD

As per report of even date,
for HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,


SAJJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR




M. HARIHARAN
PROPRIETOR

Membership No. 22412.

PLACE: BANGALORE
DATE: 11/06/2008

BHUWALKA CASTINGS & FORGINGS PVT LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

(Amount in Indian Rupees)

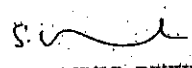
PARTICULARS	SCH NO.	AS AT	
		31/03/2008	31/03/2007
INCOME :			
Sales	13	855,296,178.47	308,424,242.16
Other Income	14	988,804.49	134,162.79
Variation in Stocks	15	1,906,429.00	(1,984,367.50)
TOTAL		858,191,411.96	306,574,037.45
EXPENDITURE :			
Raw Material Consumed	16	167,463,202.43	61,292,948.06
Manufacturing Expenses	17	112,335,634.67	54,769,014.16
Administrative Expenses	18	10,015,884.90	4,991,836.24
Finance Charges	19	6,793,851.69	3,793,842.44
Selling Expenses	20	602,881.60	353,700.71
Depreciation	05	3,126,157.74	1,415,868.94
Trade Purchases		501,417,730.00	141,874,333.00
Preliminary Expenses W\Off		68,629.35	83,447.27
Central Excise Duty		42,895,727.00	32,898,894.00
TOTAL		844,719,699.38	301,473,884.82
PROFIT FOR THE YEAR		13,471,712.58	5,100,152.63
Less: Income tax for the year		3,082,511.00	572,237.00
Less: Fringe Benefit Tax for the Year		80,550.00	15,568.00
Less: Defered Tax Liability for the Year		1,658,549.00	2,125,312.00
PROFIT AFTER TAX FOR THE YEAR		8,650,102.58	2,387,035.63
Balance brought forward from last Balance sheet		2,387,035.63	-
Profit available for appropriation		11,037,138.21	2,387,035.63
Balance Carried to Balance Sheet		11,037,138.21	2,387,035.63
		11,037,138.21	2,387,035.63


NOTES ON ACCOUNT 21

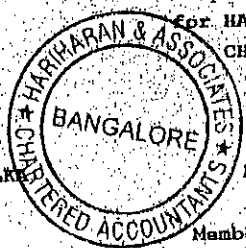
SCHEDULES 1 TO 21 FORMS AN INTEGRAL PART OF THIS ACCOUNTS.


FOR AND ON BEHALF OF THE BOARD

As per report of even date,
for HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS,


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR




M. HARIHARAN
PROPRIETOR
Membership No. 22412.

PLACE: BANGALORE
DATE: 11/06/2008

BHOWALKA CASTINGS & FORGINGS PVT LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 01.		
SHARE CAPITAL :		
Authorised: 50,00,000 Equity Shares of Rs.10/- each	50,000,000.00	10,000,000.00
Issued, Subscribed and Paid-up: 27,23,905 Equity Shares of Rs.10/- each fully paid-up.	27,239,050.00	10,000,000.00
TOTAL	27,239,050.00	10,000,000.00
SCHEDULE 02.		
RESERVES AND SURPLUS :		
Profit & Loss Account	11,037,138.21	2,387,035.63
TOTAL	11,037,138.21	2,387,035.63
SCHEDULE 03.		
a. SECURED LOAN :		
A. TERM LOAN:		
1. VIJAYA BANK	26,095,834.33	23,833,761.00
Term Loan from Vijaya Bank Secured by equitable mortgage of immovable property and hypothecation of Fixed Assets of the company. Except the vehicle which are exclusively charged to others as mentioed Sl. 2.		
2. G.E. CAPITAL	-	265,538.60
Secured by hypothecation of Vehicles purchase out of this loan.		
B. WORKING CAPITAL:		
1. Vijaya Bank	40,265,383.71	25,490,303.98
(Secured by First Charge on Current Assets and Second Charge on all the Fixed Assets of the Company. In addition, these loans are personally guarantted by the Directors.)		
TOTAL	66,361,218.04	49,589,603.58
SCHEDULE 04 :		
UNSECURED LOAN		
From Companies	36,926,191.39	-
From Directors and Share Holders	-	17,239,050.00
TOTAL	36,926,191.39	17,239,050.00



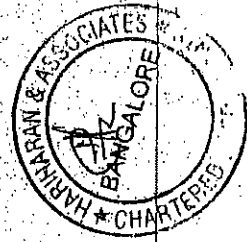
BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

FIXED ASSETS AS AT 31.03.2008

(Amount in Indian Rupees)

SCHEDULE - 5

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS ON 01.04.2007	ADDITIONS DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.03.2008	AS ON 01.04.2007	DEPRECIATION FOR THE YEAR	DEPRECIATION WITHDRAWN DURING THE YEAR	TOTAL AS ON 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007
Land	3,003,248.00	-	-	3,003,248.00	-	-	-	-	3,003,248.00	3,003,248.00
Building	6,468,869.48	2,153,700.84	-	8,622,570.32	96,334.51	234,090.40	-	330,424.91	8,292,145.41	6,372,534.97
Water Installations	30,000.00	-	-	30,000.00	513.35	1,002.00	-	1,515.35	28,484.65	29,486.65
Plant & Machinery	41,110,873.03	19,507,364.82	-	60,618,237.85	1,003,899.72	2,399,301.56	-	3,403,201.28	57,215,036.57	40,106,973.31
Electrical Installation	2,259,096.00	367,888.00	-	2,626,984.00	61,110.71	119,333.34	-	180,444.05	2,446,539.95	2,197,985.29
Weighing Scale	447,800.00	-	-	447,800.00	12,113.42	23,643.84	-	35,757.26	412,042.74	435,686.58
Furniture & Fixtures	171,000.00	-	-	171,000.00	5,545.60	10,824.30	-	16,369.90	154,630.10	165,454.40
Office Equipments	521,515.00	-	-	521,515.00	14,970.46	27,535.99	-	42,506.45	479,008.55	506,544.54
Computers	653,000.00	-	-	653,000.00	54,230.67	105,851.30	-	160,081.97	492,918.03	598,769.33
Vehicles	1,747,849.34	-	-	1,747,849.34	163,618.89	197,681.76	-	361,300.65	1,386,548.69	1,584,230.45
Laboratory Equipments	97,500.00	-	-	97,500.00	3,531.61	6,893.25	-	10,424.86	87,075.14	93,968.39
P & M - C.W.I.P.	-	2,243,821.00	-	2,243,821.00	-	-	-	-	2,243,821.00	-
TOTAL	56,510,750.85	24,272,774.66	-	80,783,525.51	1,415,868.94	3,126,157.74	-	4,542,026.68	76,241,498.83	55,094,881.91
Previous Year	-	62,359,957.57	-	62,359,957.57	-	1,062,942.96	-	1,062,942.96	61,297,014.61	-



✓
S.O.

BHUWALKA CASTINGS & FORGINGS PVT LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 06.		
INVESTMENTS :		

In Government Securities: Unquoted National Savings Certificates	10,000.00	10,000.00
	-----	-----
TOTAL	10,000.00	10,000.00
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SCHEDULE 07.		
INVENTORIES :		

(As Certified by the Management)		
Raw Materials	62,174,987.00	34,410,563.00
Finished Goods	1,643,273.00	822,536.00
Runners & Raisers	18,048.00	21,200.00
Castings	4,794,684.00	3,705,840.00
Stores & Spares & others	6,922,884.00	7,021,272.67
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TOTAL	75,553,876.00	45,981,411.67
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SCHEDULE 08.		
SUNDRY DEBTORS :		

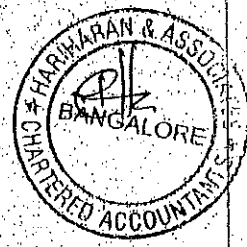
(Unsecured & Considered Good)		
Over Six Months	3,533,585.25	1,927,158.41
Others	5,191,615.40	10,028,172.56
	-----	-----
TOTAL	8,725,200.65	11,955,330.97
	-----	-----
SCHEDULE 09.		
CASH & BANK BALANCE :		

Cash in Hand	1,852,323.75	445,554.05
	-----	-----
WITH SCHEDULED BANKS		

In Current Accounts	449,238.00	54,052.00
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TOTAL	2,301,561.75	499,606.05
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✓ P.C.

✓ S.W.



BHUWALKA CASTINGS & FORGINGS PVT LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 10.		
LOANS & ADVANCES:		
(Unsecured & Considered Good)		
Advance recoverable in cash or in kind or for the value to be received or adjusted	27,354,230.68	13,175,407.85
Advance to Suppliers & others	8,127,108.60	8,469,393.60
Deposits & E M D		
TOTAL	35,481,339.28	21,644,801.45

SCHEDULE 11.

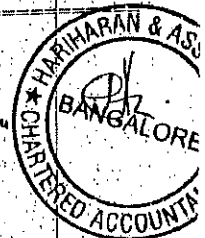
CURRENT LIABILITIES & PROVISIONS:

a) Current Liabilities:

Sundry creditors	8,800,240.90	6,940,926.92
Outstanding Liabilities	8,104,847.00	7,506,204.60
Statutory Liabilities	809,022.00	1,039,461.02
Advance from Customers	32,672,425.71	38,096,587.39
Interst Accrued but not due	-	91,942.00
Total (A)	50,386,535.61	53,675,121.93

b) Provisions:

Provision for taxation including FBT (Net)	3,089,942.00	576,441.00
Provision for Leave salary	73,277.00	20,834.00
Total (B)	3,163,219.00	597,275.00
TOTAL [A+B]	53,549,754.61	54,272,396.93



BHUWALKA CASTINGS & FORGINGS PVT LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 12.		
PRELIMINARY EXPENSES		
As per Last Account	427366.09	
Add: Additions during the year	225000.00	

	652,366.09	510,813.36
Less: Written off during the Year	68,629.35	83,447.27

TOTAL	583,736.74	427,366.09

SCHEDULE 13.

SALES :

Sale of Finished Goods	855,155,484.78	308,382,767.16
Sale of Misrolls		
Sale of M.S. Scrap	140,693.69	29,698.00
Sale of Stores Scrap	-	11,777.00
Other Items		

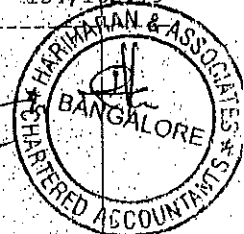
TOTAL	855,296,178.47	308,424,242.16

SCHEDULE 14.

OTHER INCOME :

Interest Received	958,452.00	
Sundry Balances Written back	13,049.69	1,637.79
Provision no longer required Withdrawn	6,201.80	16,844.00
Miscellaneous Receipts	11,101.00	115,681.00

TOTAL	988,804.49	134,162.79



BHUWALKA CASTINGS & FORGINGS PVT LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 15.		
VARIATION IN STOCK :		
Closing Stock :		
Finished Goods - Ingots (KOLAR)	1,643,273.00	822,536.00
Runners & Raisers	18,048.00	21,200.00
Finished Goods - CASTINGS	4,794,684.00	3,705,840.00
	6,456,005.00	4,549,576.00
Opening Stock :		
Finished Goods	822,536.00	1,694,613.00
Runners & Raisers	21,200.00	1,617,150.00
Castings	3,705,840.00	3,222,180.50
	4,549,576.00	6,533,943.50
SUB - TOTAL	4,549,576.00	6,533,943.50
Increase/(Decrease) in Stock	1,906,429.00	(1,984,367.50)

SCHEDULE 16.

RAW MATERIALS CONSUMED :

Opening Stock	34,410,563.00	63,813,794.50
Add : Purchases & Freight	192,481,965.43	88,399,021.56
Self Generation	4,214,775.00	7,432,080.00
	231,107,303.43	159,644,896.06
Less: Sales	(1,469,114.00)	(63,941,385.00)
Less: Closing Stock	(62,174,987.00)	(34,410,563.00)
TOTAL	167,463,202.43	61,292,948.06

SCHEDULE 17.

MANUFACTURING EXPENSES :

Stores and Spares Consumed	28,416,656.79	13,707,803.77
Power & Fuel Charges	71,479,052.83	34,562,752.00
Production Charges	5,606,190.00	3,052,715.00
Repairs and Maintenance :		
-Plant and Machinery	322,764.00	442,646.50
-Vehicles	5,497,899.50	2,881,745.75
-Others	1,013,071.55	121,351.14
TOTAL	112,335,634.67	54,769,014.16

BHUWALKA CASTINGS & FORGINGS PVT LIMITED

 SCHEDULES ANNEXED TO & FORMING PART OF AUDITED ACCOUNTS FOR THE YEAR ENDED : 31/03/2008

(Amount in Indian Rupees)

	AS AT 31/03/2008	AS AT 31/03/2007
SCHEDULE 18.		
ADMINISTRATIVE EXPENSES :		
Salaries and Wages	3,872,430.60	1,627,605.40
Security Charges	974,195.60	448,043.00
Employers Contribution to P.F, E.S.I. and Other funds	345,510.40	143,462.40
Staff Welfare	61,223.70	27,962.39
Rates and Taxes	385,692.20	216,240.60
Rent	996,119.20	485,366.60
Insurance	167,858.14	46,762.00
Printing & Stationery	245,128.80	179,280.85
Travelling & Conveyance	365,431.60	172,153.80
Postage, Telegram & Telephone	187,864.54	77,076.04
Professional & Consultancy Charges	488,700.00	27,600.00
Miscellaneous Expenses	1,132,951.31	856,656.65
Audit Fees	40,000.00	40,040.80
Sundry Balances written Off	3,669.21	147.31
Bank Charges	749,119.60	643,438.40
TOTAL	10,015,884.90	4,991,836.24

SCHEDULE 19.

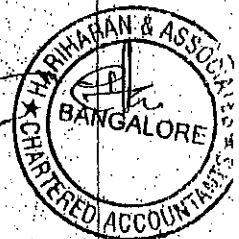
FINANCE CHARGES :

Interest on Term Loans	2,931,899.73	1,600,196.24
Interest on Working Capital	3,636,782.00	1,552,399.00
Interest on Others	225,169.96	641,247.20
TOTAL	6,793,851.69	3,793,842.44

SCHEDULE 20.

SELLING EXPENSES :

Carriage Outwards	83,734.00	25,478.00
Other Selling Expenses	519,147.60	328,222.71
TOTAL	602,881.60	353,700.71



**SCHEDULE "21" ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2008.**

01. Estimated amount of Contracts remaining to be executed on Capital Accounts (net of Advances) not provided for Rs. NIL.
02. Contingent Liabilities not provided for:
Statutory Liabilities disputed by the company : Rs. 16.42 Lakhs (Rs. 0.24 Lakhs)
03. Certain balances under the heads Debtors, Creditors, Advances from Customers, Advances and Deposits are subject to confirmation.
04. Brief particulars of employees who were entitled to receive or were in receipt of emoluments in aggregate to Rs.24,00,000/- or more per annum and/or Rs.2,00,000/- or more per month for a part of the year - NIL.

05. ACCOUNTING POLICIES:

i) General:

- a) The accompanying financial statements have been prepared on the Historical Cost convention in accordance with the provisions of Companies Act, 1956 and generally accepted accounting principles prevailing in India.
- b) The Accounts have been prepared on accrual basis and in accordance with the going concern concept.

ii) Investments :

Long Term Investments are valued at Cost.

iii) Fixed Assets :

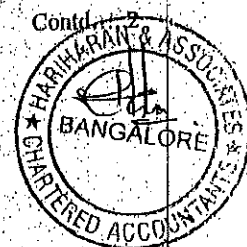
- a) Fixed Assets are stated at their historical cost of acquisition or construction less accumulated depreciation. Cost includes all cost incurred to bring the asset to their present location and condition.
- b) Depreciation has been provided on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets of the company. Depreciation on the additions made during the year has been provided proportionately for the period of use.

iv) Valuation of Inventories:

Raw Materials, Finished Goods and Stores & Spares are valued at lower of cost or net realisable value except M.S. Scrap which are valued at net realisable value, in accordance with Accounting Standard 2 - valuation of inventories. The cost formula used for this purpose is Annual Average method and includes direct cost incurred in bringing the items of inventory to their present location and condition.

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v) **Books Debts & Advances :**

Write-off/provision for bad and/or doubtful and Irrecoverable Book Debts and Advances have been made during the year.

vi) **Revenue Recognition:**

The company recognises sale of goods as they are dispatched to customers and any significant uncertainty as to its ultimate realisation or collection does not exist. Sales comprise amounts invoiced for goods sold inclusive of excise duty but net of sales tax, returns and trade discounts.

vii) **Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets in accordance with Accounting Standard 16 on Borrowing Costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

viii) **Retirement benefits:**

In accordance with Accounting Standard 15 - "Accounting for Retirement Benefits in the financial statements of employers", the Company has made provisions for gratuity and leave encashment on accrual basis during the year. The gratuity liability as on 31.03.2008 has been provided based on the assumption that such benefits are payable to all eligible employees at the end of the accounting year. Provision for leave encashment benefits has been made based on current salary for the entire unavailed leave balance as at the balance sheet date. Retirement benefits in the form of Provident Fund and Pension Schemes in line with respective statutes and regulations in force is accounted on accrual basis and charged to Profit & Loss Account of the year.

ix) **Income Taxes:**

Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods.

x) **Cash Flow Statement :**

The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements.

xi) **Profit & Loss Account:**

Profit & Loss on sale of Raw-Material and excess/shortage on Physical Verification remain adjusted in the respective consumption accounts.

07. Sundry Creditors under Current Liabilities in Schedule '11' include Rs. NIL due to Small Scale undertakings. This amount has been determined to the extent such parties have been identified from available information. The names of the small scale industrial undertakings to whom the company owes monies outstanding for more than 30 days :



08. The operations of the Company relate to only one segment viz. Steel. Hence, segment reporting in terms of Accounting Standard 17 is considered not applicable.

09. Related Parties disclosures:
(In terms of Accounting Standard - 18)

A. Relationships:

- a) Related parties where control exists:
- i) Deccan Alloys Private Limited
 - ii) Bhuwalka & Sons Pvt.Ltd.,
 - iii) Bhuwalka Associates
 - iv) Bhuwalka Alloys Pvt. Ltd.,
 - v) Vishwakarma International Pvt. Ltd.
 - vi) Vishwakarma Refractories Pvt. Ltd.
 - vii) Bhuwalka Sales Corporation

Key Management Personnel - Whole time Directors:

- i) Sri Sajan Kumar Bhuwalka
- ii) Sri Kamal Kumar Bhuwalka

B. Transactions carried out with related parties referred above in ordinary course of business
Rs. Lakhs

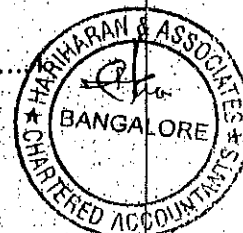
Nature of Transactions	Key Management Personnel	Related Parties
Purchases	---	5590.45
Sales	---	8496.17
Expenses	---	49.78
Income	---	---
Outstandings - Debit	---	36.56
- Credit	---	731.01

10. Accounting Standard 19 - Leases:

Accounting Standard 19 is applicable only in the case of lease transactions entered into on or after 1st April, 2001. The Company has taken other premises Cancelable operating lease agreement after 1st April, 2001. The company intends to renew the agreements in the normal course of its business. These properties can not be subleased to any other person. Total lease rentals recognised in the Profit & Loss Account for the year with respect to the above is Rs. 9,96,119.20.

11. In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Company has during the year provided deferred tax liability amounting to Rs. 16,58,549/- Lacs on account of timing difference.

Contd.....



12. Guidance note on Accounting Treatment for Excise Duty issued by the Institute of Chartered Accountants of India requires that the closing stock of finished goods should also include excise duty element and a provision for the liability to be made as the duty liability accrued on manufacture. However, inventory is valued at net of excise duty and provision for excise duty liability is thereby not considered necessary as there is no impact on profit and loss account.
13. Basic earnings per share has been calculated by dividing profit for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The company has not issued any preferential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Earnings per share has been computed as under:

Particulars	Period Ended 31 st March, 2008	Year Ended 31 st March, 2007
Profit after Taxation	86,59,928	23,87,034
Profit attributable to Equity Share holders	86,59,928	23,87,034
Weighted average number of shares	27,23,905	10,00,000
Earnings per share (Rs. per equity share of Rs.10/- each) Basic and Diluted	3.15	2.38

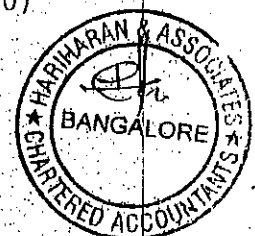
14. The company has identified that there is no material impairment of assets and as such no provision is required as per AS-28 issued by the ICAI.
15. Contingent Liabilities and Contingent Assets as per AS-29 in the opinion of the management no provision is required against contingent liabilities referred in Para 2 of Schedule '21'.
16. Additional information pursuant to paragraph 3 and 4 of the Part II of Schedule VI of the Companies Act, 1956.

QUANTITATIVE DETAILS: (As certified by management)

a) Raw Materials;	Quantity in M.T.	Value-Rs.
-----	-----	-----
(i) Opening Stock	2634.604 (6195.514)	3,44,10,563.00 (6,38,13,794.50)
(ii) Purchases	15582.117 (8229.795)	19,66,96,740.43 (8,83,99,021.56)
(iii) Consumption	14117.765 (7292.785)	--- ---
(iv) Sales	86.890 (4497.920)	14,69,114.00 (6,39,41,385.00)
(v) Closing Stock	4012.066 (2634.604)	6,21,74,987.00 (3,44,10,563.00)

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-: 5 :-

b) Finished Goods:

	Qty. in MTs	Value
A. INGOTS & STEEL PRODUCT		
1) Opening Stock	39.545 (96.835)	8,22,536.00 (16,94,613.00)
2) (a) Installed Capacity per annum	30,000	--
(b) Production during the year	10791.285 (5457.635)	--
3) Purchase of Finished Goods	16217.470 (5450.350)	50,14,17,730.00 (14,18,74,333.00)
4) Sales during the year	26987.850 (10965.275)	81,83,32,463.00 (29,00,55,028.00)
5) Closing Stock	60.450 (39.545)	16,43,273.00 (8,22,536.00)

B. CASTINGS

	Qty. in MTs	Value
1) Opening Stock	77.205 (82.620)	37,05,840.00 (32,22,180.00)
2) Production during the year	712.079 (488.885)	--
3) Sales during the year	695.254 (494.300)	3,68,23,021.78 (1,83,27,739.16)
4) Closing Stock	94.030 (77.200)	47,94,684.00 (37,05,840.00)

NOTE: PREVIOUS YEAR'S FIGURES ARE SHOWN IN THE BRACKETS

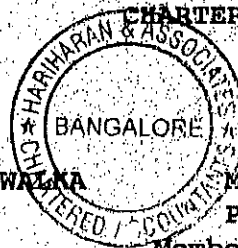
For BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

As per our report of even date

For HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR




M. HARIHARAN
PROPRIETOR.

Membership No. 22412.

PLACE: BANGALORE.
DATE: 11/06/2008.

BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

DETAILS OF ADVANCE FROM CUSTOMER AS ON : 31/03/2008

<u>PARTY NAME</u>	<u>Amount In Rs.</u>
SRI GANESH MAHARAJ	51.00
MAKINO INDIA PVT LTD	167,312.00
BHUWALKA SALES CORPORATION	31,257,718.00 Cr.
BHUWALKA ASSOCIATES	1,744,172.97 Dr.
DECCAN ALLOYS PVT. LTD.,	4,903,619.00 Cr.
VISHWAKARMA REF. PVT.LTD.,	1,829,124.32 Dr.
BHUWALKA ALLOYS.PVT. LTD.,	82,977.00 Dr.
	<u>32,505,062.71</u>
	<u>32,672,425.71</u>

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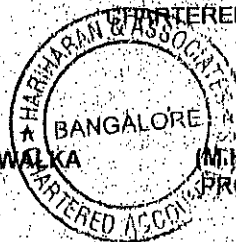
BHUWALKA CASTINGS & FORGING PVT.LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008.			
(AS per Indirect Method of Accounting Standard - 3)			
	AMOUNT	AMOUNT	
	RS	RS	
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before Tax And Extraordinary Items		13,471,712.58
	Adjustments for :		
	Deferred Revenue Expenses written-off	68,629.35	
	Depreciation	3,126,157.74	
	Profit/Loss from sales of Fixed Assets		
	Interest charged to Profit & Loss A/c	6,793,851.69	
	Preliminary Expenses	(225,000.00)	
	Interest Received	(958,452.00)	
	Dividend Income		
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES.		8,805,186.78
	Adjustments for :		22,276,899.36
	Trade and other Receivables	(10,608,407.51)	
	Inventories	(28,572,464.33)	
	Trade Payables and other Liabilities	(722,642.32)	
	CASH INFLOW FROM OPERATIONS	(40,901,514.16)	
	Direct Taxes Paid/ (Refund)	(3,163,061.00)	(44,064,575.16)
	NET CASH FROM OPERATING ACTIVITIES		(21,787,675.80)
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Increase in Fixed Assets(Net)	(24,272,774.66)	
	Interest Received	958,452.00	
	Increase Capital	17,239,050.00	
	Dividend Income		(6,075,272.66)
	NET CASH USED IN INVESTING ACTIVITIES		
C	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase/(Decrease) in Long Term Borrowings	36,458,756.85	
	Interest	(6,793,851.69)	
	NET CASH USED IN FINANCING ACTIVITIES		29,664,904.16
	Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		1,801,955.70
	Opening Balance of Cash and Cash Equivalents		499,608.05
	Closing Balance of Cash and Cash Equivalents		2,301,561.75
			1,801,955.70

As per report of even date
for HARIHARAN ASSOCIATES
CHARTERED ACCOUNTANTS

SAJAN KUMAR BHUWALKA
DIRECTOR

KAMAL KUMAR BHUWALKA
DIRECTOR



(M. HARIHARAN)
PROPRIETOR

PLACE : BANGALORE.
DATE : 11/06/2008