

AUDITORS' REPORT

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

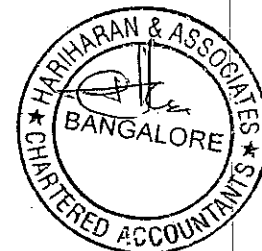
We have audited the attached Balance Sheet of M/s. **BHUWALKA CASTINGS & FORGING PRIVATE LIMITED**, as at **31st MARCH 2012** and also the Profit and Loss Account and the Cash flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

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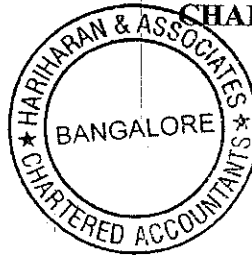
HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS

304/B, HVS Courts,
21, Cunningham Road
Bangalore - 560 052
Ph : 41146152
Fax : (080) 22255184
E-mail : hari304b@yahoo.com

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- d) In our opinion, the Balance Sheet the Profit and Loss Account and the Cash Flow Statement 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, 2012** 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 Note 26 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, 2012** ;
 - 2) In the case of the 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



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

M.HARIHARAN
Proprietor
Membership No. 22412.

PLACE: BANGALORE
DATE: 14/05/2012.

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, 2012.

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 :

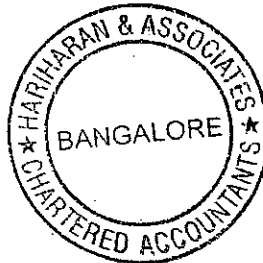
Sr. No	Name of the Statute	Nature of Dues	Forum where dispute is pending	Amount
1	Central Excise Act, 1944	Excise Duty & Service Tax	The Commissioner of Central Excise Appeal No. 21/2001.	16,42,078.00

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".

M. HARIHARAN
Proprietor
Membership No. 22412.

PLACE: BANGALORE
DATE : 14/05/2012.

M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

Balance Sheet as at 31st March, 2012

(Amount in Indian Rupee)

Particulars	Note No	AS AT	
		31-03-2012	31-03-2011.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	27,239,050	27,239,050
(b) Reserves and Surplus	2	22,706,176	20,109,674
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	125,162,336	83,012,991
(b) Deferred tax liabilities (Net)		12,475,565	8,964,402
(3) Current Liabilities			
(a) Short-term borrowings	4	58,711,493	60,387,888
(b) Trade payables	5	41,044,462	16,400,467
(c) Other current liabilities	6	37,350,822	34,492,868
(d) Short-term provisions	7	3,074,584	2,451,544
Total		327,764,488	253,058,884
II.Assets			
(1) Non-current assets			
<i>(a) Fixed assets.</i>			
(i) Tangible assets	8	178,981,551	146,689,465
(iii) Capital work-in-progress			
(b) Non-current investments	9	10,000	10,000
(c) Other non-current assets	10	187,362	228,577
(2) Current assets			
(a) Current investments			
(b) Inventories	11	68,547,669	53,578,443
(c) Trade receivables	12	34,781,023	17,125,731
(d) Cash and cash equivalents	13	1,911,661	1,491,865
(e) Short-term loans and advances	14	34,454,112	24,118,476
(f) Other current assets	15	8,891,109	9,816,327
Total		327,764,488	253,058,884

For BHUWALKA CASTINGS & FORGING PVT LTD

S. w
SAJAN KUMAR BHUWALKA
DIRECTOR

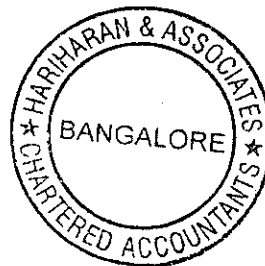
K. w
KAMAL KUMAR BHUWALKA
DIRECTOR

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

M. Hariharan

M. HARIHARAN
PROPRIETOR
Membership No.022412

PLACE : BANGALORE
DATE : 14/05/2012



M/S. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED
Profit and Loss statement for the year ended 31st March, 2012

(Amount in Indian Rupee)

Particulars	Note No	For the Year Ended	For the Year Ended
		31/03/2012	31/03/2011
I. Revenue from operations	16	1,014,081,085	636,808,001
II. Other Income	17	1,383,621	802,217
III. Total Revenue (I +II)		1,015,464,706	637,610,219
IV. Expenses:			
Cost of materials consumed	18	91,262,306	47,509,810
Purchase of Stock-in-Trade	19	777,919,767	478,363,960
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(13,632,174)	3,758,279
Employee benefit expense	21	7,063,391	4,614,628
Financial costs	22	14,832,661	5,447,984
Depreciation and amortization expense	8	9,349,749	5,329,287
Central Excise Duty	23	21,622,277	13,018,358
Manufacturing Expenses	24	91,409,667	64,267,714
Other expenses	25	7,632,008	8,990,845
Total Expenses		1,007,459,652	631,300,866
V. Profit before exceptional and extraordinary items and tax	(III - IV)	8,005,054	6,309,353
VI. Exceptional Items			
VII. Profit before extraordinary items and tax (V - VI)		8,005,054	6,309,353
VIII. Extraordinary Items		425,520	1,110,181
IX. Profit before tax (VII - VIII)		7,579,534	5,199,172
X. Tax expense:			
(*) Current tax		1,471,869	1,169,754
(*) Deferred tax		3,511,163	1,793,619
XI. Profit for the year from continuing operations	(VII-VIII)	2,596,502	2,235,799
XII. Profit for the year (XI + XIV)		2,596,502	2,235,799
XIII. Earning per equity share:			
(1) Basic		0.95	0.82

For **BHUWALKA CASTINGS & FORGING PVT LTD**


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR

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


M. HARIHARAN
PROPRIETOR
Membership No.022412



PLACE : BANGALORE
DATE : 14/05/2012

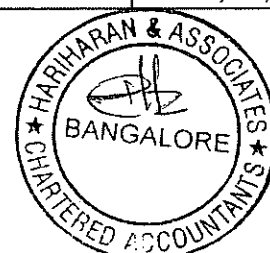
M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

Disclosure pursuant to Part I and Part II of Schedule VI to the Companies Act, 1956

(Amount in Indian Rupee)

Note 1	SHARE CAPITAL	AS AT 31-03-2012		AS AT 31-03-2011.	
		<u>Authorised</u> 50,00,000 Equity Shares of Rs.10 each		50,000,000	
<u>Issued</u> 27,23,905 Equity Shares of Rs.10 each		27,239,050		27,239,050	
<u>Subscribed and Paid up</u> 27,23,905 Equity Shares of Rs.10 each		27,239,050		27,239,050	
	Total	27,239,050		27,239,050	
Note 1(a)	Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Mr.Kamal kumar Bhuwalka	2228905	81.83	2228905	81.83
	Mrs. Anjali Bhuwalka	140000	5.14	140000	5.14
	Mrs. Kanta Bhuwalka	200100	7.35	200100	7.35
	Mr. Sushil Kumar Bhuwalka	90100	3.31	90100	3.31
	Mr. kishan Kumar Bhuwalka	62300	2.28	62300	2.28
Mr.Sajan kumar Bhuwalka	2500	0.09	2500	0.09	
Note2	Reserves and Surplus	<u>a. Reserve</u>			
		Opening balance	20,109,674		15,653,513
		Net Profit For the current year	2,596,502		4,456,161
		Closing Balance	22,706,176		20,109,674
		Total	22,706,176		20,109,674
Note 3	Long Term Borrowings	<u>Secured</u>			
		Vijaya Bank	49,626,810		52,643,474
		(Secured by equitable mortgage of immovable property and hypothecation of Fixed Assets of the company .In additon the loan is personally quarantted by the Directors)			
		<u>Unsecured Loan</u>			
From Companies	75,535,526		30,369,517		
	125,162,336		83,012,991		
Note 4	Short Term Borrowing	<u>Secured</u>			
		(a) Loans repayable on demand			
		Vijaya Bank	58,711,493		60,387,888
(Secured ByFirst Charge on Current Assets and the Fixed Assets of the Company. In addition these are personally quarantted by the Directors)					
	58,711,493		60,387,888		
Note-5	Trade Payable				
		Sundry Creditors	41,044,462		16,400,467

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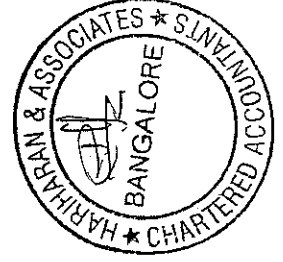
BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

NOTE: 8

FIXED ASSETS AS AT 31.03.2012

(Amount in Indian Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2011	ADDITIONS DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.03.2012	AS ON 01.04.2011	DEPRECIATION FOR THE YEAR	DEPRECIATION WITHDRAWN DURING THE YEAR	TOTAL AS ON 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
Land	3,003,248.00	7,861,500.00	-	10,864,748.00	-	-	-	-	10,864,748.00	3,003,248.00
Building	15,584,934.65	5,496,183.92	-	21,081,118.57	1,267,157.16	614,805.55	-	1,881,962.71	19,199,155.86	14,317,777.49
Water Installations	49,231.00	-	-	49,231.00	5,165.43	1,644.32	-	6,809.75	42,421.25	44,065.57
Plant & Machinery	140,580,558.59	24,492,580.53	-	165,073,139.12	14,775,083.45	8,291,588.51	-	23,066,671.96	142,006,467.16	125,805,475.14
Electrical Installation	2,679,113.19	186,479.00	-	2,865,592.19	601,021.79	145,573.17	-	746,594.96	2,118,997.23	2,078,091.40
Weighing Scale	447,800.00	-	-	447,800.00	106,688.78	23,643.84	-	130,332.62	317,467.38	341,111.22
Furniture & Fixtures	198,484.00	370,941.00	-	569,425.00	51,927.88	20,848.98	-	72,776.86	496,648.14	146,556.12
Office Equipments	631,620.00	284,512.00	-	916,132.00	135,021.33	38,282.51	-	173,303.84	742,828.16	496,598.67
Computers	725,964.00	2,949,639.50	-	3,675,603.50	498,056.56	183,670.85	-	681,727.41	2,993,876.09	227,907.44
Vehicles	129,535.96	-	-	129,535.96	66,067.79	14,650.52	-	80,718.31	48,817.65	63,468.17
Laboratory Equipments	212,744.00	-	-	212,744.00	47,578.69	15,041.00	-	62,619.69	150,124.31	165,165.31
TOTAL	164,243,233.39	41,641,835.95	-	205,885,069.34	17,553,768.86	9,349,749.25	-	26,903,518.11	178,981,551.23	146,689,464.53
Previous Year	93,984,726.79	71,876,819.96	1,618,313.38	164,243,233.39	12,982,231.41	5,329,287.01	757,749.56	17,553,768.86	146,689,464.53	81,002,495.38



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M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

Disclosure pursuant to Part I and Part II of Schedule VI to the Companies Act, 1956

(Amount in Indian Rupee)

		AS AT		AS AT	
		31-03-2012		31-03-2011.	
Note 6	Other Current Liabilities				
	Out Standing Liabilities	<	6,166,016		3,785,938
	Statutory Liabilities	<	15,278		319,697
	Advance From Customers	<	31,169,528		30,387,233
	Total	<	37,350,822		34,492,868
Note 7	Short Term Provision				
	(a) Provision for employee benefits				
	Gratuity (Funded)	<	279,923		145,877
	Leave Encashment (Funded)	<	153,038		102,083
		<	432,961		247,960
	(b) Others -Taxation	<	2,641,623		2,203,584
	Total	<	3,074,584		2,451,544
Note-9	Non Current Investments				
	Investments in Government or securities-NSC	<	10,000		10,000
Note 10	Other non- current assets				
	Preliminary Expenses				
	Opening Balance	<	228,577		334,524
	Less: Written off during the year	<	41,215		105,947
	Closing Balance.	<	187,362		228,577
Note 11	Inventories				
	a. Raw Materials and components (Valued at Cost)	<	20,839,657		21,248,967
	b. Finished goods (Valued at Cost)	<	26,363,086		12,838,892
	c. Stock-in-trade (Valued at Cost)				
	d. Stores and spares (Valued at Cost)	<	21,344,926		19,490,584
	Total	<	68,547,669		53,578,443
Note 12	Trade Receivable				
	(Unsecured and Considered Good)				
	Over Six Months	<	744,699		274,335
	Other	<	34,036,324		16,851,396
	Total	<	34,781,023		17,125,731
Note 13	Cash and Cash Equivelents				
	Cash in Hand	<	1,198,863		768,557
	Cash at Bank	<	712,798		723,308
	Total	<	1,911,661		1,491,865
Note14	Short Term Loans and Advances				
	Advance to Suppliers and Others	<	34,454,112		24,118,476
Note 15	Other current assets				
	Deposit and EMD	<	8,891,109		9,816,327

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M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

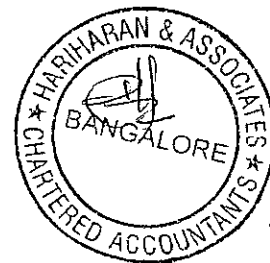
Disclosure pursuant to Part I and Part II of Schedule VI to the Companies Act, 1956

(Amount in Indian Rupee)

		For the Year Ended 31-03-2012	For the Year Ended 31-03-2011
Note 16	Revenue from Operation		
	Sale of finished goods	1,012,949,331	614,741,095
	Sale of M.S.Scrap	-	14,544,947
	Sale of Stores Scrap and Others	1,131,754	21,960
	Other Item	-	7,500,000
	Total	1,014,081,085	636,808,001
Note 17	Other Income		
	Transportation charges recd	101,200	-
	Interest Received	1,036,887	491,741
	Miscellaneous Receipts	192,827	53,936
	Sundry Balances Written back	46,359	61
	Provision no longer required	6,348	59,995
	Profit on Sale of Fixed Assets	-	196,484
	Total	1,383,621	802,217
Note 18	Raw Materials consumed		
	Opening Stock	21,248,967	30,317,585
	Add: Purchases and Freight	91,973,192	47,243,660
	Self Generation	-	233,400
	Less: Sales	113,222,159	77,794,645
	Less: Closing Stock	1,120,196	9,035,867
		20,839,657	21,248,967
		91,262,306	47,509,810
Note 19	Purchase of Stock in Trade		
	Finished Goods	777,919,767	478,363,960
Note 20	Change in inventories of finished goods		
	Closing Stock		
	Finished Goods-castings	26,363,086	11,199,859
	Finished Goods-rolled products	-	1,531,053
		26,363,086	12,730,912
	Opening Stock		
	Finished Goods-castings	11,199,859	15,210,133
	Finished Goods-rolled products	1,531,053	1,279,058
		12,730,912	16,489,191
	Changes in inventories of Finished goods	(13,632,174)	(3,758,279)
Note 21	Employee benefit expenses		
	Salary and Wages	6,644,493	4,331,771
	Employers Contribution to P.F., E.S. and Other Funds	418,898	282,857
	Total	7,063,391	4,614,628

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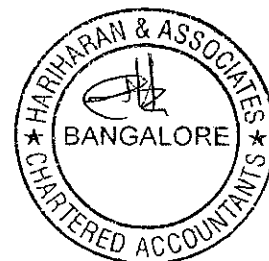


M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

Disclosure pursuant to Part I and Part II of Schedule VI to the Companies Act, 1956

(Amount in Indian Rupee)

			For the Year Ended 31-03-2012	For the Year Ended 31-03-2011
Note 22	Financial costs			
	Interest on Term Loan		7,447,495	2,861,625
	Interest on Working Capital		7,357,632	2,563,300
	Interest on Bills Discounting		-	-
	Interest on Others		27,534	23,059
	Total		14,832,661	5,447,984
Note 23	Central Excise Duty		21,622,277	13,018,358
Note 24	Manufacturing Expenses			
	Stores and Spares Consumed		52,910,972	36,928,221
	Production charges		6,642,546	4,670,580
	Power and Fuels		30,706,434	21,766,480
	Repairs and Maintenance -Plant & Machinery		284,712	143,488
	Repairs and Maintenance -Others		835,003	758,945
	Repairs and Maintenance-Building		30,000	-
	Total		91,409,667	64,267,714
Note 25	Other Expenses			
	Security charges		2,005,291	1,022,532
	Staff Welfare		271,783	128,685
	Rates and Taxes		362,027	1,238,762
	Rent		616,376	588,598
	Insurance		81,249	85,050
	Printing and Stationery		204,196	287,304
	Travelling and Conveyance		530,215	597,183
	Postage, Telegram and Telephones		137,897	135,143
	Professional and Consultancy Charges		1,072,683	1,920,851
	Miscellaneous Expenses		1,048,669	838,709
	Audit Fee		60,000	60,000
	Sundry Balance Written off		102,173	617
	Bank charges		479,620	1,146,858
	Preliminary Exp W/off		41,215	105,947
	Selling Expenses			
	Carriage Outwards		331,918	378,092
	Other Selling Expenses		286,696	456,512
	Total		7,632,008	8,990,845



**NOTE "26" ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2012.**

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 (16.42)**
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.

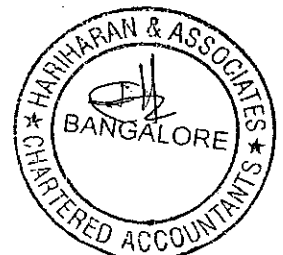
iii) Fixed Assets :

- 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.

Contd.....2



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) **Foreign Currency Transaction:**

In case of sale made to clients outside India, income is accounted on the basis of previous month end exchange rate. Adjustments are made for any changes in the sale proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred on actual basis.

viii) **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.

ix) **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 31.03.2012 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.

x) **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.

xi) **Cash Flow Statement :**

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

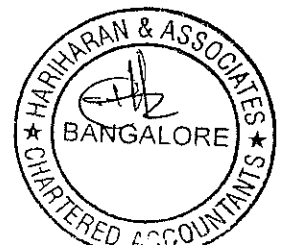
xii) **Profit & Loss Account:**

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 :

Contd.....3

see



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
- viii) Meenakshi Bright Steel Bars Pvt.Ltd.

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	---	6543.69
Sales	---	7890.57
Expenses	6.00	28.63
Income	---	---
Outstandings -- Debit	---	---
-- Credit	---	388.25

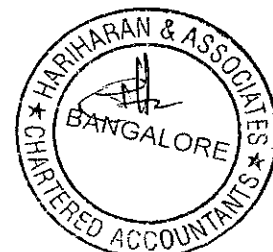
10. Accounting Standard 19 – Leases:

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. 6,16,376/-.

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. 35,11,163/- on account of timing difference.

Contd.....4

see

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, 2012	Year Ended 31 st March, 2011
Profit after Taxation	25,96,502.00	22,35,799.00
Profit attributable to Equity Share holders	25,96,502.00	22,35,799.00
Weighted average number of shares	27,23,905.00	27,23,905.00
Earnings per share (Rs. per equity share of Rs.10/- each) Basic and Diluted	0.95	0.52

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 Note-26.
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	966.741 (1604.105)	2,12,48,967.39 (3,03,17,585.00)
(ii) Purchases	4682.324 (3038.541)	9,19,73,192.00 (4,74,77,059.87)
(iii) Consumption	4811.99* (3194.455)	---
(iv) Sales	41.030 (481.450)	11,20,196.00 (90,35,867.00)
(v) Closing Stock	796.045 (966.741)	2,08,39,657.00 (2,12,48,967.39)

NOTE: Purchases includes 1209.24 MTs (688.686 MTs) of Self Generation rejected Castings.

* Consumption is inclusive of utilized for conversion materials quantity NIL (NIL MTs.)

See




FINISHED GOODS:

(CASTINGS/ROLLED PRODUCTS):

	<u>Qty.in MTs</u>	<u>Value</u>
1) Opening Stock	220.530 ✓ (279.085)	1,27,30,912.26 (1,52,10,133.00)
2) Purchases during the year	18699.030 (13616.695)	77,79,19,767.00 (47,83,63,960.00)
3) Production during the year	3294.161 ✓ (2312.540)	--
4) Sales during the year	21846.108 (15987.790)	1,01,29,49,331.00 (61,47,41,094.77)
5) Closing Stock	367.613 ✓ (220.530)	2,63,63,086.00 (1,27,30,912.26)

EARNINGS IN FOREIGN CURRENCY - Export - F.O.B.Value of Exports Rs. 11,91,654.00 ✓
(17,49,164.00) ✓

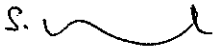
EXPENDITURE IN FOREIGN CURRENCY:

CIF Value of Imports - Rs. NIL (Rs. 2,39,41,820.00)

As per our report of even date

For BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

For HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS



SAJAN KUMAR BHUWALKA
DIRECTOR



KAMAL KUMAR BHUWALKA
DIRECTOR



M. HARIHARAN
PROPRIETOR.
Membership No. 22412.



PLACE: BANGALORE.
DATE : 14/05/2012.

M/S. BHUWALKA CASTINGS & FORGING PVT.LTD

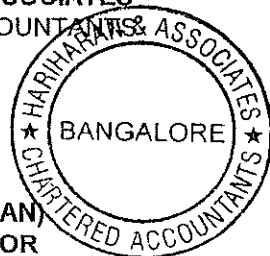
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH'2012.			
(AS per Indirect Method of Accounting Standard - 3)			
		Amount in Indian Rupees.	
		RS	RS
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before Tax And Extraordinary items		8,005,054
	Adjustments for :		
	Deferred Revenue Expenses written-off	41,215	
	Depreciation	9,349,749	
	(Profit)/Loss from sales of Fixed Assets	-	
	Interest charged to Profit & Loss A/c	5,447,984	
	Preliminary Expenses	-	
	Interest Received	(1,036,887)	
	Dividend Income	-	
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES.		13,802,061
	Adjustments for :		21,807,115
	Trade and other Receivables	(27,065,711)	
	Inventories	(14,969,226)	
	Trade Payables and other Liabilities	28,124,989	
	CASH INFLOW FROM OPERATIONS	(13,909,947)	
	Direct Taxes Paid/ (Refund)	(1,897,389)	(15,807,336)
	NET CASH FROM OPERATING ACTIVITIES		5,999,779
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Increase in Fixed Assets(Net)	(41,641,836)	
	Interest Received	1,036,887	
	Increase Capital	-	
	Dividend Income	-	(40,604,949)
	NET CASH USED IN INVESTING ACTIVITIES		
C	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase/(Decrease) in Long Term Borrowings	40,472,950	
	Interest	(5,447,984)	
	NET CASH USED IN FINANCING ACTIVITIES		35,024,966
	Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		419,796
	Opening Balance of Cash and Cash Equivalents		1,491,865
	Closing Balance of Cash and Cash Equivalents		1,911,661
			(419,796)

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 : 14/05/2012.