

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 2013** 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.



Contd.....2

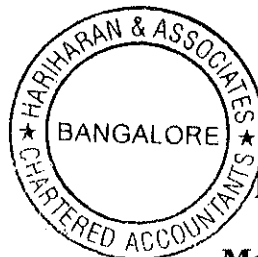
HARIHARAN & ASSOCIATES
CHARTERED ACCOUNTANTS

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

-: 2 :-

- 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, 2013** 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, 2013** ;
 - 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



PLACE: BANGALORE
DATE: 23/05/2013.

M.HARIHARAN
Proprietor
Membership No. 22412.

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, 2013.

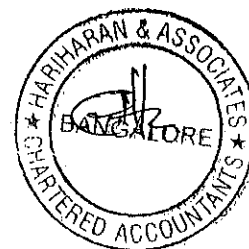
1. The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Company has drawn up a programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature 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.



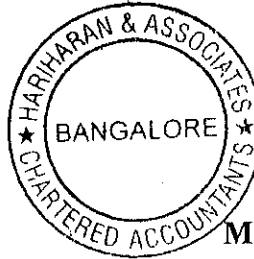
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

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".

PLACE: BANGALORE
DATE : 23/05/2013.

**M. HARIHARAN
Proprietor
Membership No. 22412.**

M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

Balance Sheet as at 31st March, 2013

(Amount in Indian Rupee)

Particulars	Note No	AS AT	AS AT
		31-03-2013	31-03-2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	27,239,050	27,239,050
(b) Reserves and Surplus	2	34,737,515	22,706,176
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	125,576,818	125,162,336
(b) Deferred tax liabilities (Net)		15,444,745	12,475,565
(3) Current Liabilities			
(a) Short-term borrowings	4	68,680,246	58,711,493
(b) Trade payables	5	19,915,042	41,044,462
(c) Other current liabilities	6	52,436,068	37,350,822
(d) Short-term provisions	7	1,825,545	3,074,584
Total		345,855,030	327,764,488
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	174,342,365	178,981,551
(ii) Capital work-in-progress		-	-
(b) Non-current investments	9	10,000	10,000
(c) Other non-current assets	10	146,146	187,362
(2) Current assets			
(a) Current Investments			
(b) Inventories	11	107,705,861	68,547,669
(c) Trade receivables	12	38,056,081	34,781,023
(d) Cash and cash equivalents	13	1,999,124	1,911,661
(e) Short-term loans and advances	14	15,004,270	34,454,112
(f) Other current assets	15	8,591,184	8,891,109
Total		345,855,030	327,764,488

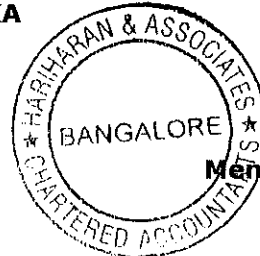
For BHUWALKA CASTINGS & FORGING PVT LTD


SAJAN KUMAR BHUWALKA
DIRECTOR


KAMAL KUMAR BHUWALKA
DIRECTOR

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

PLACE : BANGALORE
DATE : 23/05/2013




M. HARIHARAN
PROPRIETOR
Membership No.022412

M/S. BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

Profit and Loss statement for the year ended 31st March, 2013

(Amount in Indian Rupee)

Particulars	Note No	For the Year Ended 31-03-2013	For the Year Ended 31-03-2012
I. Revenue from operations	16	972,440,946	1,014,081,085
II. Other Income	17	7,257,593	1,383,621
III. Total Revenue (I + II)		979,698,539	1,015,464,706
IV. Expenses:			
Cost of materials consumed	18	253,363,420	91,262,306
Purchase of Stock-In-Trade	19	538,955,802	777,919,767
Changes In Inventories of finished goods, work-in-progress and Stock-In-Trade	20	(23,267,280)	(13,632,174.00)
Employee benefit expense	21	7,876,495	7,063,391
Financial costs	22	15,499,482	14,832,661
Depreciation and amortization expense	8	10,405,802	9,349,749
Central Excise Duty	23	44,021,335	21,622,277
Manufacturing Expenses	24	108,328,893	91,409,667
Other expenses	25	11,133,046	7,632,008
Service Tax Paid		473,009	-
Preliminary Expenses written off		41,215	41,215
Total Expenses		966,831,219	1,007,459,652
V. Profit before exceptional and extraordinary items and tax	(III - IV)	12,867,320	8,005,054
VI. Exceptional Items			
VII. Profit before extraordinary items and tax (V - VI)		12,867,320	8,005,054
VIII. Extraordinary Items		(3,251,504)	425,520
IX. Profit before tax (VII - VIII)		16,118,824	7,579,534
X. Tax expense:			
(1) Current tax		1,118,304	1,471,869
(2) Deferred tax		2,969,180	3,511,163
XI. Profit for the year from continuing operations	(VII-VIII)	12,031,340	2,596,502
XII. Profit for the year (XI + XIV)		12,031,340	2,596,502
XIII. Earning per equity share:			
(1) Basic		4.42	0.95

For **BHUWALKA CASTINGS & FORGING PVT LTD**

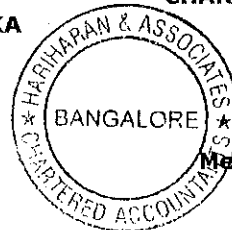
S. V.

SAJAN KUMAR BHUWALKA
DIRECTOR

K. K.

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 : 23/05/2013

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 31-03-2013		AS AT 31-03-2012	
Note 1	<u>Authorised</u> 50,00,000 Equity Shares of Rs.10 each		50,000,000		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		27,239,050.00
Note 1(a)	Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
		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		22,706,175		20,109,674
	Net Profit For the current year		12,031,340		2,596,502
	Closing Balance		34,737,515		22,706,176
	Total		34,737,515		22,706,176
Note 3	Long Term Borrowings				
	<u>Secured</u>				
	Vijaya Bank (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)		40,576,818		49,626,810
	<u>Unsecured Loan</u> From Companies		85,000,000		75,535,526
			125,576,818		125,162,336
Note 4	Short Term Borrowing				
	<u>Secured</u>				
	(a) Loans repayable on demand Vijaya Bank (Secured By First Charge on Current Assets and the Fixed Assets of the Company. In addition these are personally guarantted by the Directors)		68,680,246		58,711,493
	Total		68,680,246		58,711,493
Note-5	Trade Payable				
	Sundry Creditors		19,915,042		41,044,462

S.u



BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

FIXED ASSETS AS AT 31.03.2013

(Amount in Indian Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK			
	AS ON 01.04.2012	ADDITIONS DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.03.2013	AS ON 01.04.2012	DEPRECIATION FOR THE YEAR	TOTAL AS ON 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2013
Land	10,864,748.00	-	-	10,864,748.00	-	-	-	10,864,748.00	10,864,748.00
Building	21,081,118.57	3,452,065.00	-	24,533,183.57	1,881,962.71	735,725.75	2,617,688.46	21,915,495.11	19,199,155.86
Water Installations	49,231.00	-	-	49,231.00	6,809.75	1,644.32	8,454.07	40,776.93	42,421.25
Plant & Machinery	165,073,139.12	1,322,301.00	-	166,395,440.12	23,066,671.96	8,761,920.57	31,828,592.53	134,566,847.59	142,006,467.16
Electrical Installation	2,865,592.19	-	-	2,865,592.19	746,594.96	151,303.27	897,898.23	1,967,693.96	2,118,997.23
Weighing Scale	447,800.00	-	-	447,800.00	130,332.62	23,643.84	153,976.46	293,823.54	317,467.38
Furniture & Fixtures	569,425.00	-	-	569,425.00	72,776.86	36,044.61	108,821.47	460,603.53	496,648.14
Office Equipments	916,132.00	106,500.00	-	1,022,632.00	173,303.84	52,608.42	225,912.26	796,719.74	742,828.16
Computers	3,675,603.50	885,750.00	-	4,561,353.50	681,727.41	613,220.03	1,294,947.44	3,266,406.06	2,993,876.09
Vehicles	129,535.96	-	-	129,535.96	80,718.31	14,650.52	95,368.83	34,167.13	48,817.65
Laboratory Equipments	212,744.00	-	-	212,744.00	62,619.69	15,041.00	77,660.69	135,083.31	150,124.31
TOTAL	205,885,069.34	5,766,616.00	-	211,651,685.34	26,903,518.11	10,405,802.33	37,309,320.44	174,342,364.90	178,981,551.23
Previous Year	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



S.C.

NOTE: 8

M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

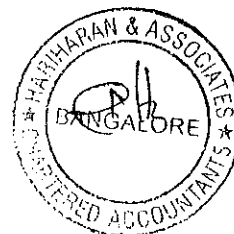
Disclosure pursuant to Part I and Part II of Schedule VI to the Companies Act, 1956

(Amount in Indian Rupee)

		AS AT 31-03-2013	AS AT 31-03-2012
Note 6	<u>Other Current Liabilities</u>		
	Out Standing Liabilities	5,658,912	6,166,016
	Statutory Liabilities	858,973	15,278
	Advance From Customers	45,918,183	31,169,528
	Total	52,436,068	37,350,822
Note 7	<u>Short Term Provision</u>		
	(a) Provision for employee benefits		
	Gratuity (Funded)	488,171	279,923
	Leave Encashment (Funded)	219,070	153,038
		707,241	432,961
	(b) Others -Taxation	1,118,304	2,641,623
	Total	1,825,545	3,074,584
Note-9	<u>Non Current Investments</u>		
	Investments in Government or securities-NSC	10,000	10,000
Note 10	<u>Other non- current assets</u>		
	<u>Preliminary Expenses</u>		
	Opening Balance	187,362	228,577
	Less: Written off during the year	41,215	41,215
	Closing Balance.	146,146	187,362
Note 11	<u>Inventories</u>		
	a. Raw Materials and components (Valued at Cost)	31,165,982	20,839,657
	b. Finished goods (Valued at Cost)	49,630,366	26,363,086
	c. Stores and spares (Valued at Cost)	26,671,912	21,344,926
	d. Materials in Transit - RM	237,601	-
	Total	107,705,861	68,547,669
Note 12	<u>Trade Receivable</u>		
	(Unsecured and Considered Good)		
	Over Six Months	2,147,897	744,699
	Other	35,908,184	34,036,324
	Total	38,056,081	34,781,023
Note 13	<u>Cash and Cash Equivelents</u>		
	Cash in Hand	1,028,792	1,198,863
	Cash at Bank	970,332	712,798
	Total	1,999,124	1,911,661
Note14	<u>Short Term Loans and Advances</u>		
	Advance to Suppliers and Others	15,004,270	34,464,112
Note 15	<u>Other current assets</u>		
	Deposit and EMD	8,591,184	8,891,109

S.a

[Handwritten Signature]



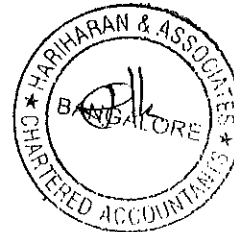
M/S. BHUWALKA CASTINGS AND FORGINGS PRIVATE LIMITED

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

(Amount in Indian Rupee)

		For the Year Ended 31-03-2013	For the Year Ended 31-03-2012
Note 16	<u>Revenue from Operation</u>		
	Sale of finished goods	961,402,071	1,012,949,331
	Sale of Stores Scrap and Others	3,538,875	1,131,754
	Other Items	7,500,000	-
	Total	972,440,946	1,014,081,085
Note 17	<u>Other Income</u>		
	Transportation charges recd	47,600	101,200
	Interest Received	93,771	1,036,887
	Miscellaneous Receipts	6,623,558	192,827
	Sundry Balances Written back	488,272	46,359
	Provision no longer required	4,392	6,348
	Total	7,257,593	1,383,621
Note 18	<u>Raw Materials cosumed</u>		
	Opening Stock	20,839,657	21,248,967
	Add: Purchases and Freight	259,663,355	91,973,192
	Self Generation/Consumption	4,026,390	-
		284,529,402	113,222,159
	Less: Sales	-	1,120,196
	Less: Closing Stock	(31,165,982)	20,839,657
		253,363,420	91,262,306
Note 19	<u>Purchase of Stock in Trade</u>		
	Finished Goods	538,955,802	777,919,767
Note 20	<u>Change in Inventories of finished goods</u>		
	Closing Stock		
	Finished Goods-castings	49,630,366	26,363,086
		49,630,366	26,363,086
	Opening Stock		
	Finished Goods-castings	26,363,086	11,199,859
	Finished Goods-rolled products	-	1,531,053
		26,363,086	12,730,912
	Changes in Inventories of Finished goods	(23,267,280)	(13,632,174)
Note 21	<u>Employee benefit expenses</u>		
	Salary and Wages	7,441,255	6,644,493
	Employers Contribution to P.F.E.S. and Other Funds	435,240	418,898
	Total	7,876,495	7,063,391

S.A



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 31-03-2013	For the Year Ended 31-03-2012
Note 22	Financial costs		
	Interest on Term Loan	6,482,976	7,447,495
	Interest on Working Capital	8,994,079	7,357,632
	Interest on Others	22,427	27,534
	Total	15,499,482	14,832,661
Note 23	Central Excise Duty	44,021,335	21,622,277
Note 24	Manufacturing Expenses		
	Stores and Spares Consumed	39,019,619	52,910,972
	Production charges	12,014,572	6,642,546
	Power and Fuels	54,752,461	30,706,434
	Repairs and Maintenance -Plant& Machinery	164,599	284,712
	Repairs and Maintenance -Vehicle	275,919	-
	Repairs and Maintenance -Others	1,798,702	835,003
	Repairs and Maintenance-Building	303,821	30,000
	Total	108,328,893	91,409,667
Note 25	Other Expenses		
	Security charges	2,464,021	2,005,291
	Staff Welfare	192,567	271,783
	Rates and Taxes	199,179	362,027
	Rent	716,277	616,376
	Insurance	102,870	81,249
	Printing and Stationery	191,526	204,196
	Travelling and Conveyance	630,200	530,215
	Postage, Telegram and Telephones	156,540	137,897
	Professional and Consultancy Charges	1,001,873	1,072,683
	Miscellaneous Expenses	1,333,812	1,048,669
	Audit Fee	100,000	60,000
	Sundry Balance Written off	309,768	102,173
	Bank charges	411,791	479,620
	Selling Expenses		
	Carriage Outwards	2,461,307	331,918
	Commission & Brokerage	3,000	-
	Other Selling Expenses	858,316	286,696
	Total	11,133,046	7,590,793

see

[Handwritten Signature]



**NOTE "26" ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH, 2013.**

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.

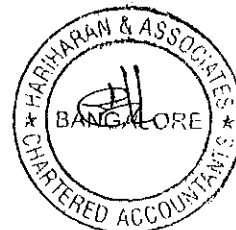
iii) Fixed Assets :

- 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 31.03.2013 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 :**

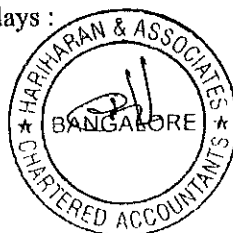
The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements.

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



Sca

[Signature]

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) Bhuwalka & Sons Pvt.Ltd.,
 - ii) Bhuwalka Associates
 - iii) Vishwakarma International Pvt. Ltd.
 - iv) Vishwakarma Refractories 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

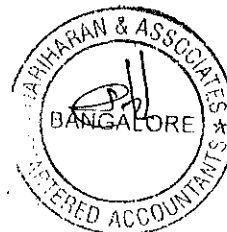
Nature of Transactions	Key Management Personnel	Related Parties
Purchases	---	4039.53
Sales	---	104.08
Expenses	6.00	31.28
Income	---	---
Outstandings – Debit	---	---
– Credit	---	73.98

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. 7,16,277/-**.

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. 29,69,180/-** on account of timing difference.

Contd.....4



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, 2013	Year Ended 31 st March, 2012
Profit after Taxation	1,20,31,340.00	25,96,502.00
Profit attributable to Equity Share holders	1,20,31,340.00	25,96,502.00
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	4.42	0.95

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	796.045 (966.741)	2,08,39,657.00 (2,12,48,967.39)
(ii) Purchases	11408.802 (4682.324)	26,36,89,745.00 (9,19,73,192.00)
(iii) Consumption	11117.788* (4811.990)	---
(iv) Sales	NIL (41.030)	NIL (11,20,196.00)
(v) Closing Stock	1087.059 (796.045)	3,11,65,982.00 (2,08,39,657.00)

NOTE: Purchases includes 1362.662 MTs (1209.240 MTs) of Self Generation rejected Castings .

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

Su

[Handwritten Signature]



FINISHED GOODS:

<u>(CASTINGS/ROLLED PRODUCTS):</u>	<u>Qty.in MTs</u>	<u>Value</u>
1) Opening Stock	367.613 (220.530)	2,63,63,086.00 (1,27,30,912.26)
2) Purchases during the year	13134.480 (18699.030)	53,44,08,214.00 (77,79,19,767.00)
3) Production during the year	8673.857 (3294.161)	--
4) Sales during the year	21615.168 (21846.108)	96,14,02,071.00 (1,01,29,49,331.00)
5) Closing Stock	560.182 (367.613)	4,96,30,366.00 (2,63,63,086.00)

EARNINGS IN FOREIGN CURRENCY – Export - F.O.B.Value of Exports Rs. 30,07,448.00
(11,91,654.00)

EXPENDITURE IN FOREIGN CURRENCY:

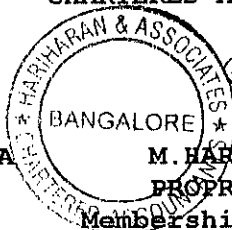
CIF Value of Imports - Rs. NIL (NIL)

As per our report of even date
For BHUWALKA CASTINGS & FORGING PRIVATE LIMITED

For HARIHARAN & ASSOCIATES,
CHARTERED ACCOUNTANTS

S.c
SAJAN KUMAR BHUWALKA
DIRECTOR

K
KAMAL KUMAR BHUWALKA
DIRECTOR

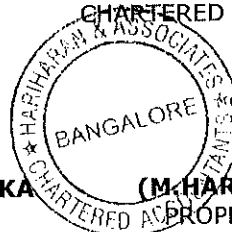
PHZ

M. HARIHARAN
PROPRIETOR.
Membership No. 22412.

PLACE: BANGALORE.
DATE : 23/05/2013.

M/S. BHUWALKA CASTINGS & FORGING PVT.LTD

		CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH'2013.	
		(AS per Indirect Method of Accounting Standard - 3)	
		<i>Amount in Indian Rupees.</i>	
		RS	RS
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before Tax And Extraordinary items		12,867,320
	Adjustments for :		
	Deferred Revenue Expenses written-off	41,215	
	Depreciation	10,405,802	
	(Profit)/Loss from sales of Fixed Assets	-	
	Interest charged to Profit & Loss A/c	15,499,482	
	Preliminary Expenses	-	
	Interest Received	(93,771)	
	Dividend Income	-	
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES.		25,852,728
	Adjustments for :		38,720,048
	Trade and other Receivables	16,474,709	
	Inventories	(39,168,192)	
	Trade Payables and other Liabilities	(7,293,210)	
	CASH INFLOW FROM OPERATIONS	(29,976,693)	
	Direct Taxes Paid/ (Refund)	2,133,200	(27,843,493)
	NET CASH FROM OPERATING ACTIVITIES		10,876,555
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Increase in Fixed Assets(Net)	(5,766,616)	
	Interest Received	93,771	
	Increase Capital	-	
	Dividend Income	-	(5,672,845)
	NET CASH USED IN INVESTING ACTIVITIES		
C	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase/(Decrease) in Long Term Borrowings	10,383,235	
	Interest	(15,499,482)	
	NET CASH USED IN FINANCING ACTIVITIES		(5,116,247)
	Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		87,463
	Opening Balance of Cash and Cash Equivalents		1,911,661
	Closing Balance of Cash and Cash Equivalents		1,999,124
			(87,463)

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



(M. HARIHARAN)

PROPRIETOR

Membership No-22412.

S. U
SAJAN KUMAR BHUWALKA
DIRECTOR

K
KAMAL KUMAR BHUWALKA
DIRECTOR

PLACE : BANGALORE.
DATE : 23/05/2013.