



AIA ENGINEERING LTD.

**20TH ANNUAL REPORT
2009-2010**

BOARD OF DIRECTORS

Mr. Rajendra S. Shah	Chairman	- Non-Executive - Independent
Mr. Bhadresh K. Shah	Managing Director	- Executive - Promoter
Mr. Vinod Narain	Independent Director	
Dr. S. R. Ganesh	Independent Director	
Mr. Bhupendra A. Shah	Independent Director	
Mr. Sanjay S. Majmudar	Independent Director	
Dr. S. Srikumar	Non-Independent	- Non Executive Director

COMPANY SECRETARY

Mr. S. N. Jetheliya

STATUTORY AUDITORS

Talati & Talati,
Chartered Accountants,
Ambica Chambers,
Near Old High Court,
Navrangpura,
AHMEDABAD-380 009

REGISTERED OFFICE

115, GVMM Estate,
Odhav Road,
AHMEDABAD - 382 410
Phone No. 079-22901078-81
Fax No. 079-22901077
Website : www.aiaengineering.com

REGISTRAR & TRANSFER AGENT

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

BANKERS

State Bank of India,
GVMSAV Ltd. Branch,
Odhav Road,
Ahmedabad - 382 410

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

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NOTE FROM THE MANAGING DIRECTOR'S DESK

Mr. Bhadresh Shah

Dear Shareholders,

As you would have observed from the consolidated performance of the Company for Financial Year 2009-10; I am happy to state that the Company has demonstrated the resilience of the Business Model and has registered a positive growth in metric tones of material sold in Financial Year 2009-10 over Financial Year 2008-09 notwithstanding challenges of recession. This was achieved despite the fact that Europe and North America, which constitute a major part of the Company's markets, continued to face difficult market conditions.

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

As we all know, Financial Year 2008-09 -particularly the second half of Financial Year 2008-09 witnessed deep recessionary trends in the major global markets. The regions which were particularly worst hit included North America, South America, European Subcontinent as well as Eastern European countries. Since your Company is strongly present in the Cement segment in all these major markets, it witnessed a temporary impact of this slow down in the cement replacement demand from the above markets.

Even on the mining front, since your Company had focused strongly on Iron Ore in Financial Year 2008-09 for its worldwide foray into mining business, significant slow down in the iron ore production world wide resulted into a sizeable de-stocking activity by the major iron ore mines, which affected your Company's plan to ramp up its production for servicing this segment in Financial Year 2008-09.

With a sense of gratification, I am happy to note that, your Company took several initiatives for sustaining the growth momentum in Financial Year 2009-10. For Cement segment your Company has widened its geographical reach by adding 22 new Cement customers and increasing focus on multiple applications. On the mining front your Company has aggressively diversified into minerals like Iron-ore, Copper, Platinum and Gold. Commercial dispatches in the Iron-ore Copper and Platinum segment have already begun. Your Company has started regular supplies to platinum mines in South Africa; Iron ore mines in Brazil; copper mines in Africa; and gold mines in Far East. Your Company is also at an advanced stage of discussions with a few major mines in North America and other parts of the world. Similarly your Company has also started supplies to the Chinese markets. On the domestic marketing front, your Company continues to enjoy a significant share in all the three segments where it operates

Your Company is conscious about the ever increasing need of ensuing Sustainable Development by promoting sound Environment, Health and Safety (EHS) policies. I am

pleased to announce that your Company has adopted a Formal Charter for Sustainable Development, which reproduces as an Annexure to my communication, as a ready reference.

We are confidently moving towards achieving our vision of becoming a global leader in this niche business. I am confident that I will continue to enjoy your support and confidence, as you have wholeheartedly done so in the past.

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



Bhadresh Shah
Managing Director



CHARTER FOR SUSTAINABLE DEVELOPMENT

1. EHS Policy & Sustainable Development

We at AIA Engineering Limited are committed to promote occupational health of our staff and workers and prevent accidents and injuries during the operations.

We believe that continuous improvement in our Health, Safety and Environmental practices and performance shall be the key to the Company's future development and success.

2. Vision and Goal

To encourage our business and our associates to join the international effort to uphold the concept of sustainable development through sound environmental practices.

3. Corporate Policy

To recognize environmental management as among the highest corporate priority and as a key determinant to sustainable development, to establish policies, programs and practices for conducting operations in an environmentally sound manner.

4. Environmental Management

To integrate these policies, programs and practices fully into each business as an essential element of management in all its functions.

5. Process of Improvement

To continue to improve corporate policies, programmes and environmental performance, taking in to account technical developments, scientific understanding, consumer needs and community expectation, with legal requirements as a starting point.

6. Employee Education

To educate, train and motivate employees to conduct their activities in an environmentally responsible and safe manner.

7. Prior Assessment

To assess environmental impacts before starting a new activity and before de-commissioning a facility.

8. Product & Services

To develop product or services that have no undue environmental impact and are safe in their intended use, that are efficient in their consumption of energy and natural resources that can be recycled, reused or disposed of safely.

9. Customer Advise

To advise and where relevant, educate customers, distributors and the public in the safe use, transportation, storage and disposal of products.

10. Facilities and Operations

To develop, design and operate facilities and conduct activities taking into consideration the efficient use of energy and materials, the sustainable use of renewable resources, minimization of adverse environmental impacts and waste generation, responsible and safe disposal of residual waste.

11. Research

To conduct or support research on the environmental impact of raw materials, products, processes, emissions and wastes associated with the enterprise and on the means of minimizing adverse impacts.

12. Precautionary Approach

To modify the manufacturing process, marketing or use of product or services, or the conduct of activities, consistent with scientific and technical understanding to prevent serious or irreversible environmental degradation.

13. Contractor & Suppliers

To promote the adoption of these principals by contractors acting on behalf of the enterprises, encouraging and where appropriate, requiring improvements in their practices to make them consistent with those of the enterprise, to encourage wider adoption of these principals by suppliers.

14. Emergency Preparedness

To develop and maintain, where significant hazard exists, emergency preparedness plan in conjunction with emergency services, relevant authority, local community, recognizing potential transboundary impacts.

15. Transfer of Technology

To contribute to the transfer of technology of environmentally sound technology and management methods through the industrial sector and public sector.

16. Contributing to Common Effort

To contribute to the development of public policy and to business, governmental and intra governmental programs, educational initiatives to enhance environmental awareness and protection.

17. Openness to Concerns

To foster openness and dialog with employees and the public, anticipate and responding to their concern's about the potential hazard and impact of operations, products, waste or services, including those of transboundary or global significance.

18. Compliance and Reporting

To measure environmental performance, to conduct regular environmental audits and assessment of compliance with Company requirements, legal requirements, and these principals, periodically provide appropriate information to the board of directors, share holders, employees, authorities and the public.

**NUMBERS SPEAK****Profit & Loss Account (Consolidated)**

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
INCOME :-		
Gross Sales	98680.09	108558.96
Less: Central Excise Duty	3709.95	6229.86
Net Sales	94970.14	102329.10
Other Income	3224.16	2184.34
Increase / (Decrease) in Stock	(764.59)	1522.87
T O T A L	97429.71	106036.31
EXPENDITURE :-		
Trading Purchases	3997.26	2424.14
Raw material & Stores Consumption	39891.22	48576.28
Manufacturing Expenses	12276.69	13867.44
Employees emoluments	4333.23	4105.53
Administrative and Other Expenses	5795.75	5049.38
Selling & Distribution Expenses	5024.04	5157.13
Interest Expenses	139.84	207.26
Depreciation	2270.87	2025.19
T O T A L	73728.90	81412.35
Add:- Excess Provision written back	0.00	309.14
PROFIT BEFORE TAXES	23700.81	24933.10
PROVISION FOR TAXES		
a) Current Tax	6308.78	7039.32
b) Deferred Tax	267.99	419.99
c) Income Tax adjustment of earlier years	13.79	23.86
d) Fringe Benefits Tax	0.00	35.00
TOTAL TAX (a+b+c)	6590.56	7518.17
PROFIT AFTER TAXES	17110.25	17414.93
LESS : MINORITY INTEREST	36.20	69.45
PROFIT AFTER MINORITY INTEREST	17074.05	17345.48

Balance Sheet (Consolidated)

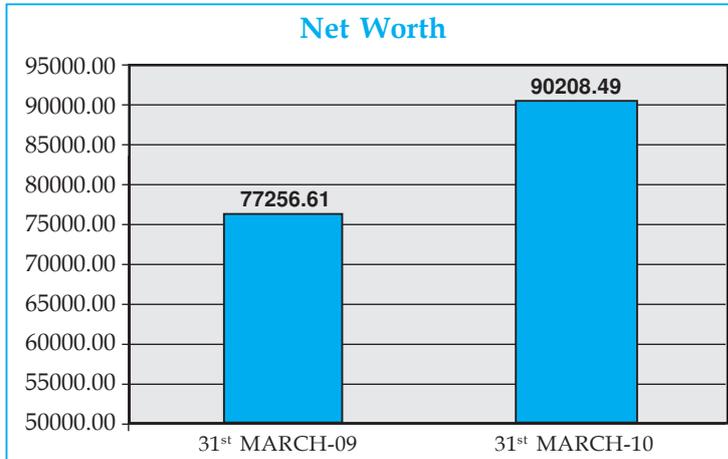
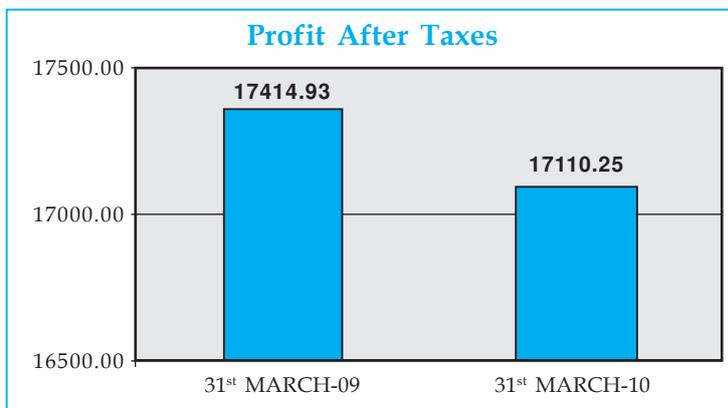
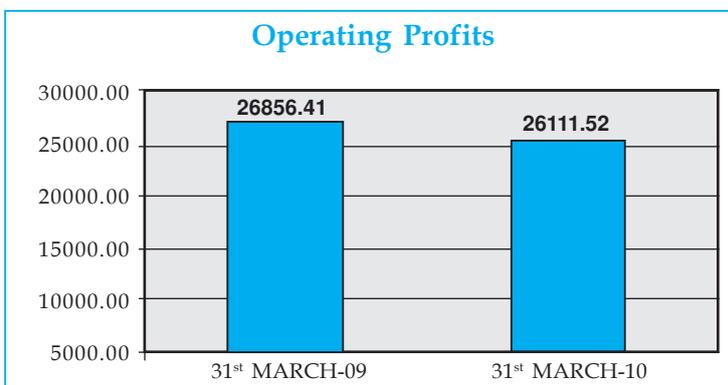
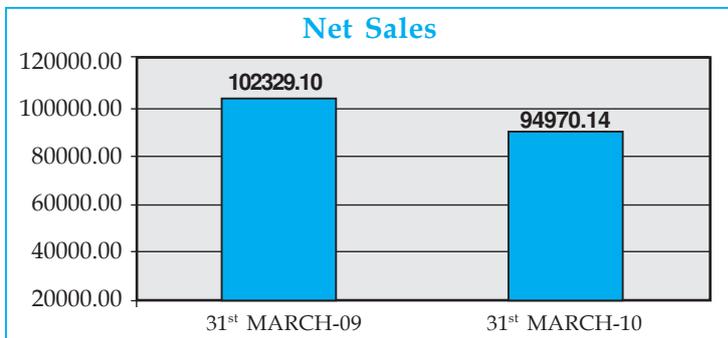
(Rs. in Lacs)

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS :		
(a) Share Capital	1886.41	1879.68
(b) Share Capital Suspense	0.00	6.73
(c) Reserves and Surplus	88322.08	75370.20
	<u>90208.49</u>	<u>77256.61</u>
MINORITY INTEREST	601.98	569.67
LOAN FUNDS :		
(a) Secured Loans	656.65	4246.11
(b) Unsecured Loans	163.48	169.16
	<u>820.13</u>	<u>4415.27</u>
DEFERRED TAX LIABILITIES (NET)	1168.66	995.13
T O T A L	92799.26	83236.68
APPLICATION OF FUNDS		
FIXED ASSETS :		
(a) Gross Block	33491.69	31269.08
(b) Less : Depreciation	10337.37	8108.51
Net Block	<u>23154.32</u>	<u>23160.57</u>
(c) Capital Work in Progress	1119.96	667.94
	<u>24274.28</u>	<u>23828.51</u>
INVESTMENTS	14146.09	4138.09
CURRENT ASSETS, LOANS AND ADVANCES :		
(a) Interest Accrued on Investment	96.29	346.77
(b) Inventories	15318.55	13926.29
(c) Sundry Debtors	21327.96	18468.41
(d) Cash and Bank balances	20930.45	25872.95
(e) Loans and Advances	33494.50	26700.83
	<u>91167.75</u>	<u>85315.25</u>
Less : CURRENT LIABILITIES AND PROVISIONS :		
(a) Current Liabilities	9259.72	7645.31
(b) Provisions	27529.14	22399.86
	<u>36788.86</u>	<u>30045.17</u>
NET CURRENT ASSETS	54378.89	55270.08
T O T A L	92799.26	83236.68



RATIOS (Consolidated)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Financial Performance Ratios %		
Operating Profits	27.49	26.25
PAT/Net Sales	18.02	17.02
Interest/Total Income	0.14	0.20
BALANCE SHEET RATIOS (TIMES)		
Debt/Equity Ratio	0.01	0.06
Current Ratio	2.48	2.84
PER SHARE DATA RATIOS (Rs.)		
Earning Per Share (EPS)	18.10	18.39

GRAPHS (Rs. in Lacs)


**DIRECTORS' REPORT**

To,
The Members,
AIA Engineering Limited,
Ahmedabad

Your Directors take pleasure in submitting the 20th Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS:

Particulars	Year ended 31 st March 2010 Rs. in Lacs	Year ended 31 st March 2009 Rs. in Lacs
Sales & Other Income	83195.14	94283.38
Profit before Interest, Depreciation and Taxation	20586.94	22283.01
Interest	76.21	84.67
Depreciation	1880.59	1617.08
Profit Before Tax	18630.14	20581.26
(i) Provision for Taxation (Current)	6100.00	6775.00
(ii) Short / Excess provision of Taxation	18.18	7.59
(iii) Provision for Taxation (Deferred)	255.77	421.90
(iv) Provision for Fringe Benefits Tax	0.00	31.00
Total Tax (i+ii+iii+iv)	6373.95	7235.49
Profit After Tax	12256.19	13345.77
Surplus Brought Forward from Previous Year	30855.71	21600.91
Balance available for Appropriations	43111.90	34946.68
Interim Dividend on Equity Shares	754.56	563.90
Proposed Final Dividend on Equity Shares	1603.45	1792.09
Tax on Dividend on Equity Shares	393.03	400.40
Transferred to General Reserve	1225.62	1334.58
Balance Carried to Balance Sheet	39135.24	30855.71

2. OPERATIONAL REVIEW:

During the year under review, your Company has registered a Turnover of Rs.80419.50 Lacs as compared to Rs.92285.95 Lacs in the previous Financial Year on account of decrease in Raw Material prices and consequently decrease in Sales Realization. Exports Turnover is Rs.41026.14 Lacs as compared to Rs. 49182.21 Lacs in the previous Financial Year.

During the year under review, Company has registered a Profit Before Tax (PBT) of Rs.18630.14 Lacs and Profit After Tax (PAT) of Rs.12256.19 Lacs as compared to PBT of Rs. 20581.26 Lacs and PAT of Rs.13345.77 Lacs respectively in the previous Financial year.

During the year under review, on a consolidated basis, your Company (together with its Subsidiaries) registered a Turnover of Rs.94970.14 Lacs as compared to the Turnover of Rs. 102329.10 Lacs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is Rs.17110.25 Lacs as compared to PAT of Rs. 17414.93 Lacs in the previous Financial year.

3. DIVIDEND:

During the Financial Year 2009-10, the Company has paid an Interim Dividend of Rs.0.80 per Share on 94320370 Equity Shares of Rs.2 each aggregating to Rs.754.56 Lacs on 8th February 2010.

The Board of Directors are pleased to recommend a Final Dividend of Rs.1.70 per Equity Share of Rs.2 each amounting to Rs.1603.45 Lacs for the Financial Year 2009-10 subject to the approval of the Shareholders.

The total Dividend outgo for the year ended 31st March 2010 would be Rs.2751.04 Lacs including the Corporate Dividend Tax of Rs.393.03 Lacs.

4. ALLOTMENT OF EQUITY SHARES OF THE COMPANY:

During the year under review, the Company has allotted 336430 Equity Shares of Rs.2 each to the Shareholders of erstwhile Reclamation Welding Limited pursuant to the Scheme of Amalgamation of Reclamation Welding Limited and Paramount Centrispun Castings Private Limited with the Company as sanctioned by the Hon'ble High Court of Gujarat, Ahmedabad vide their order dated 8th May 2009.

5. PASSING OF RESOLUTIONS THROUGH POSTAL BALLOT:

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, approval of the members were sought for passing the following Special / Ordinary resolutions through Postal Ballot:

- (1) **SPECIAL RESOLUTION** - Under Section 17 & 149 (2A) of the Companies Act, 1956 for the insertion of a New Object Clause in the Main Object Clause of the Memorandum of Association of the Company;
- (2) **ORDINARY RESOLUTION** - Under Section 293 (1) (d) of the Companies Act, 1956 for amending the Borrowing Powers of the Board of Directors; and
- (3) **ORDINARY RESOLUTION** - Under Section 293 (1) (a) of the Companies Act, 1956 for amending the powers of the Board of Directors for Mortgage / Hypothecate / Create Security, the properties of the Company with respect to the Borrowings made by the Company.

The Scrutinizer Mr. Tushar Vora, Practicing Company Secretary submitted his Report on 3rd April 2010 to the Chairman of the Company. The result of the approval of the members of the above resolutions was announced on 5th April 2010. All the resolutions were approved by the members of the Company with requisite majority.

6. ACQUISITION OF A DOWN THE LINE SUBSIDIARY IN SOUTH AFRICA:

During the year under review, Vega Industries (Middle East) FZE, UAE, a Wholly-owned Subsidiary of the Company has acquired 100% Shares of Tuffsan Trading 295 (Proprietary) Limited, South Africa (Tuffsan). The name of Tuffsan was later changed to Vega Steel Industries (RSA) (Proprietary) Limited, South Africa.

7. CAPITAL EXPENDITURE OUTLAY:

During the year under review, the Company has incurred Rs. 3277.72 Lacs (including Rs.1026.66 Lacs of Capital work-in-progress) on Capital Expenditure.

8. HUMAN RESOURCE POLICY:

Company endeavor to become a globally dominant supplier in its products by providing customized innovative solutions and adding value by continuous improvement in all operations at its end and at the customer's end through its talented team. By bringing together the talents, energy and enthusiasm of professionals and experienced team members, has institutionalized bonding amongst the team. Company encourages inculcation of fairness and equity amongst the employees with Corporate Governance as a driving force. Company recognizes employees' collaborative efforts, honesty and thrust for high integrity and desire for growth as the key values for the growth and development of the Company.



9. BUSINESS PROSPECTS:

The Company is operating in a high technology oriented niche engineering segment, involving manufacturing of impact abrasion and wear resistant High Chrome Mill Internal products used by Cement, Mining and Utility industries. The Company services the 'replacement' demand of these industries and the OEM requirement for which new capacities have been added.

Fiscal year 2008-09 particularly the second half of fiscal year 2008-09 witnessed onset of deep recessionary trends in the major global markets. The countries which were particularly worst hit include North America, South America, European Subcontinent as well as CIS countries. Since your Company is strongly present in the Cement segment in all these major markets, it has witnessed a temporary impact of this slow down in the Cement replacement demand from the above markets. This impact to a large extent was also felt during the fiscal year 2009-10. However, some of the pockets of the world market-particularly Eastern Europe, The Middle East, Latin America, China and the Asia Pacific countries have continued their growth in Cement Business with varying degree. It is hoped that the EU and the US will start recovery in FY 2011.

On the Mining front, since your Company had focused strongly on Iron Ore for its worldwide foray into Mining business, significant slow down in the Iron Ore production world wide resulted into a sizeable destocking activity by the major Iron Ore mines, which affected your Company's plan to ramp up its production for servicing this segment in First Half of FY 2010.

However, the initiatives taken by the Company for sustaining the growth momentum have yielded satisfactory results. Thus, in the Cement segment your Company has widened the market horizon by adding many new Countries and Customers in FY 2010. On the Mining front your Company has aggressively diversified into other minerals like Copper, Platinum and Gold and has added many new Customers and Markets from the Second Half of FY 2010. It is heartening to note that on the Iron Ore front, the demand has revived and the Company has started servicing this segment also.

Similarly on the Cement front, your Company has also started supplies to the Chinese markets.

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

Thus, the long term prospects continue to remain very much bullish and strong.

10. FUTURE EXPANSION:

Your Company is targeting to increase the production capacity from 165,000 MT per year to 200,000 MT per year and the increased capacity is expected to come online in 2010-2011. This includes a new plant to manufacture 20,000 MT of Vertical Mill Internals. This plant is expected to be commissioned in July 2010.

11. SUBSIDIARY COMPANIES:

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

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

On an Application made by the Company, the Government of India, Ministry of Corporate Affairs vide its letter No. 47/196/2010-CL-III dated 5th April 2010 granted exemption to the Company from attaching the Audited Accounts of the Subsidiaries to this Annual Report for the Financial Year ended 31st March 2010 subject to the compliance of terms and conditions as mentioned in their letter.

The Company has Subsidiaries in India and Abroad. A statement containing brief financial details of these Companies for the year ended 31st March 2010 forms part of this Annual Report. The Annual Accounts of the Subsidiary Companies will be available for inspection by any investor at the Registered Office of the Company. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company seeking such information at any point of time.

12. INSURANCE:

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

13. DEPOSITS:

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

14. INDUSTRIAL RELATIONS:

Company has sustained its position as a law binding. All statutory compliances are maintained and excellent family bonding is reflected in its work culture. Company has always perceived the changing needs of its employees and being sensitive to it, have continuously fine tuned its policy and process to help employees to have a quality life and keep high morale in the organization. Company has continued regular interaction with the business and industrial fraternity through prestigious institutions like Confederation of Indian Industries (CII), Gujarat Chamber of Commerce and Industries (GCCCI), Ahmedabad Management Association (AMA) and other recognized Associations and Institutes.

15. INTERNAL CONTROL AND AUDIT:

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

During the year under review, Internal Audit of the Company has been carried out by a firm of Chartered Accountants.

16. CORPORATE GOVERNANCE:

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

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

17. MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

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

18. DIRECTORS:

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

The Board recommends the re-appointments of Mr. Rajendra S. Shah and Mr. Sanjay S. Majmudar as Directors of the Company.

Pursuance to Clause 49 of the Listing Agreement, brief resumes of Mr. Rajendra S. Shah and Mr. Sanjay S. Majmudar, together with their expertise in specific functional areas and names of the other public Companies in which they hold office of a Director and / or the Chairman / Membership of Committees of the Board, is given in the Notice of the Annual General Meeting.



19. STATUTORY AUDITORS:

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

20. PARTICULARS OF EMPLOYEES:

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956 are given as an Annexure-A to this report.

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

The additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 217 (1) (e) of the Companies Act, 1956 are given as an Annexure-B to this report.

22. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (ii) sound accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March 2010 and the Profit and Loss Account for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis.

23. "GROUP" FOR INTER-SE TRANSFER OF SHARES:

As required under Clause 3(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given in Annexure C, attached herewith and the said Annexure 'C' forms part of this Annual Report.

24. ACKNOWLEDGEMENT:

Your Directors thank the Company's Customers, Vendors, Bankers, Auditors, Investors and Government bodies for their continued support during the year. Your Directors place on record their appreciation of the contributions made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board,

Place: Ahmedabad
Date : 29th May, 2010

(Rajendra S. Shah)
Chairman

ANNEXURE- "A" TO THE DIRECTORS' REPORT

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010.

(A) Employed throughout the Financial Year under review and were in receipt of remuneration for the Financial Year in the aggregate of not less than Rs.24,00,000/- p.a.

1.	Name	Shri Bhadresh K. Shah
2.	Age	59 Years
3.	Qualification	B.Tech Metallurgy
4.	Designation	Managing Director
5.	Date of commencement of employment.	1.4.1991
6.	Experience	33 Years
7.	Remuneration	Rs.63.26 Lacs p.a.
8.	Particulars of last employment :	
	a) Employer	Ahmedabad Induction Alloys Ltd.
	b) Last Post	Managing Director
	c) No. of Years	12 Years

(B) Employed for part of the Financial Year under review and were in receipt of remuneration at the rate of not less than Rs.2,00,000/- per month : Nil

For and on behalf of the Board,

Place: Ahmedabad
Date : 29th May, 2010

(Rajendra S. Shah)
Chairman



ANNEXURE - "B" TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

FORM - A

A) CONSERVATION OF ENERGY :

- a) Selection of Furnace Transformer having rating 6000 KVA in place of 5626 KVA in newly installed 5 MW Induction Melting Furnace has resulted in energy saving of 96000 KWH per year (Rs.4.68 Lacs per year)
- b) Introduction of combined heat treatment cycle for a specific grade has resulted in 15% saving in energy.
- c) Hot well Pumping elimination from water complex of 10 MW Melting Furnace has resulted in saving of 1,45,000 KWH per year. (Rs.7 Lacs per year).
- d) Modification of ladle pre-heating from HSD fired to PNG fired has reduced the Energy cost by 40%.
- e) Segregation of high pressure and low pressure compressed air has reduced the energy cost by 10%.
- f) Use of Electric mould heaters in place of heating ovens has reduced energy consumption.
- g) Adoption of Fibrothal System in place of heat treatment furnace insulation and heating system has resulted in saving of energy.

I. POWER & FUEL CONSUMPTION:

Particulars		Current Year 2009-2010	Previous Year 2008-2009
1.	Electricity		
	a) Purchased Units	117489708	99599486
	Total Amount (Rs. in Lacs)	6954.25	6424.41
	Rate / Unit / (Rs.)	5.92	6.45
	b) Own Generation		
	Through Diesel Generator Unit	28412	79706
	Unit per Litre of Diesel Oil	1.49	3.07
	Cost / Unit (Rs.)	26.75	12.09
	c) Through Steam Turbine/Generator		
	Units	N.A.	N.A.
	Units per Litre of Fuel/Oil/Gas/	N.A.	N.A.
	Cost/Unit (Rs.)	N.A.	N.A.
	d) Coal (Specify Quantity and where used)		
	Quantity (in Tons)	N.A.	N.A.
	Total cost (Rs.)	N.A.	N.A.
	Average Rate/(Rs.)	N.A.	N.A.
	e) Light Diesel Oil		
	Quantity (in Kilo Litre)	2341052	842020
	Total Amount (Rs. in Lacs)	705.76	277.87
	Average Rate (Rs.)	30.15	33.00
	F) Others/Internal Generation - PNG		
	Quantity (Unit) (SCM)	605198	150301
	Total Cost (Rs. in Lacs)	121.39	38.12
	Rate/Unit (Rs.)	20.05	25.36

II. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Current Year 2009-2010	Previous Year 2008-2009
Product :		
Castings Unit (Tonnes)	71364	72436
Electricity per Ton of Castings (Units)	1646	1375



FORM - B

(B) TECHNOLOGY ABSORPTION :

I. RESEARCH & DEVELOPMENT (R & D)

- a) Specific areas in which R & D carried out by the Company.
 - New design of inserts developed for inserted rolls for thermal power plants.
 - New alloy developed for hollow balls.
- b) Benefits derived as a result of the above R & D.
 - New design is expected to offer better performance of inserted rolls.
 - Hollow balls in new alloy has increased the life of the component.
- c) Future plans of action.
 - Concept of new design of insert to be applied for rolls used in other applications.
- d) Expenditure on R & D (Rs. in Lacs).
 - Capital - Nil
 - Recurring - Nil
 - Total - Nil
 - Total R & D expenditure as percentage of total turn over - Nil.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a) Efforts in brief made towards technology absorption, adaptation and innovation.
 - Adaptation of “polymer quenching technique” for grinding media.
 - Adaptation of natural gas as fuel for heat treatment furnace.
- b) Benefits derived as a result of the above efforts.
 - Polymer quenching offers advantage of pollution free work place and product has better aesthetic appearance as compared to oil quenching.
 - Gas fired furnace offers advantage of energy saving and operation is cleaner.
- c) Imported technology.
 - No technological inputs were used from outside. All developments were in house.
- d) Foreign Exchange Earnings and outgo:

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
i) Total foreign exchange used	2162.78	6152.15
ii) Total foreign exchange earned	41026.14	49182.21

For and on behalf of the Board,

Place : Ahmedabad
Date : 29th May, 2010

(Rajendra S. Shah)
Chairman

ANNEXURE - 'C' FORMING PART OF THE DIRECTORS' REPORT

Following is the list of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as provided in Clause 3 (e) of the said Regulations.

Sr. No.	Particulars
1	Welcast Steels Limited
2.	Vega Industries (Middle East) F.Z.E., U.A.E.
3.	Vega Industries Limited, U.K.
4.	Vega Industries Limited, U.S.A.
5.	Vega Steel Industries (RSA) (Pty) Limited
6.	Vrindavan Alloys Private Limited
7.	Keyur Financial Services Private Limited
8.	Mr. Bhadresh K. Shah
9.	Bhadresh K. Shah - HUF
10.	Bhadresh Shah Family Private Trust
11.	Mrs. Gita B. Shah
12.	Mrs. Khushali B. Shah
13.	Mrs. Bhumika B. Shah

For and on behalf of the Board,

Place : Ahmedabad
Date : 29th May, 2010

(Rajendra S. Shah)
Chairman



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The Company's Corporate Governance philosophy has been further strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for Prevention of Insider Trading. The said Code of Conduct for Prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (SEBI) (Prevention of Insider Trading) Regulations 1992 in this regard.

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

I. BOARD OF DIRECTORS

(A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Mr. Rajendra S. Shah. The present strength of the Board of Directors is 7 which include 1 Executive - Promoter Director, 5 Independent - Non-Executive Directors and 1 Non Independent - Non-Executive Director in terms of Clause - I (A) (iii) of Clause 49 of the Listing Agreement. Board represents a balance mix of professionalism, knowledge and expertise.

Board Meetings / Director's Particulars:

Company's Board met six times during the year under review on 29th April 2009, 25th June 2009, 31st July 2009, 31st October 2009, 30th January 2010 and 8th February 2010. The Company holds one Board Meeting in each quarter and the gap between any two Board Meetings was not more than four months as prescribed under the Listing Agreement. Details of the Directors, their positions, attendance record at Board meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and alternate Directorships) and the Memberships / Chairmanships of Board Committees other than your Company as on 31st March 2010 are as follows:

Name of the Director	Category	Board Meetings Attended	Attendance at the Last AGM held on 23.09.2009
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	5	Absent
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	6	Present
Mr. Vinod Narain	Independent	0	Absent
Dr. S. R. Ganesh	Independent	4	Absent
Mr. Bhupendra A. Shah	Independent	4	Present
Mr. Sanjay S. Majmudar	Independent	6	Present
Dr. S. Srikumar	Non Independent - Non Executive	3	Absent

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

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

(B) Independent / Non-Independent - Non Executive Directors' Compensation and Disclosures:

Independent / Non-Independent - Non Executive Directors are paid sitting fees in accordance with the applicable laws.

The Board of Directors at their meeting held on 30th January 2010 increased the payment of Sitting fees for attending the Board Meetings from Rs.5,000 per meeting to Rs.15,000 and for attending the Audit Committee Meetings from Rs.5,000 to Rs.10,000 w.e.f. 30th January 2010.

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

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

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

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

(D) Code of Conduct:

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

**II. COMMITTEES OF THE BOARD:**

The Company has four (4) Board level Committees, namely:

- a) Audit Committee;
- b) Shareholders' / Investors' Grievance Committee;
- c) Remuneration Committee; and
- d) QIP Committee.

a) AUDIT COMMITTEE:

As on 31st March 2010, the Audit Committee comprises of 4 Independent Directors. Names of the members and the Chairman of the Committee as on 31st March 2010 together with their attendance are given in the following table.

Name of the Member / Chairman	No. of Meetings	Meetings Attended
Mr. Rajendra S. Shah - Chairman	5	4
Mr. Vinod Narain	5	0
Mr. Bhupendra A. Shah	5	4
Mr. Sanjay S, Majmudar	5	5

During Financial Year 2009-10, five (5) Audit Committee meetings were held on 29th April 2009, 25th June 2009, 31st July 2009, 31st October 2009 and 30th January 2010. Necessary quorum was present for all the meetings. The time gap between any two Audit committee meetings was not more than four months.

Mr. Rajendra S. Shah, Chairman of the Audit Committee could not attend the last Annual General Meeting (AGM) due to unavoidable circumstances.

In the absence of Mr. Rajendra S. Shah, Chairman of the Audit Committee, Mr. Sanjay S. Majmudar, member of the Audit Committee replied the queries of the members.

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

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

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

Brief description of terms of reference:

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

The Audit Committee also reviews the uses / applications of QIP funds by major category (capital expenditure and general corporate purposes), on a quarterly basis as a part of their quarterly declaration of financial results. The Audit Committee makes appropriate recommendations to the Board to take up steps in this matter.

b) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

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

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

Composition, Name of Members and Chairperson:

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

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

Meetings and attendance during the year:

The Committee meets on need basis. During the year under review, Committee met six times on 5th June 2009, 30th July 2009, 31st October 2009, 14th December 2009, 30th January 2010 and 8th February 2010.

Number of Shareholders complaints received so far:

The total number of Complaints received and replied to the satisfaction of Shareholders during the year under review was 1. There are no outstanding complaint as on 31st March, 2010.

Number of Complaints not solved to the satisfaction of Shareholders: Nil

Number of pending share transfers: Nil

c) REMUNERATION COMMITTEE:

Brief description of terms of reference:

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

Composition, Name of Members and Chairperson:

- 1. Mr. Vinod Narain - Chairman
- 2. Mr. Rajendra S. Shah - Member
- 3. Dr. S. R. Ganesh - Member

Meeting and Attendance during the year:

No meeting of Remuneration Committee was held during the year under review.

Remuneration Policy:

To review the remuneration package of the Managing Director and recommend suitable revision to the Board.

**Details of remuneration to all the Directors:**

The details of remuneration paid to the Managing Director during the year 2009-2010 are given below:
(Rs. in Lacs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	60.00	3.26	63.26

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

The details of Sitting Fees paid to the Independent Directors and Non-Independent & Non-Executive Director for attending Board and Committee Meetings during the Financial Year 2009-2010 is given below:

Sr.No.	Name of the Directors	Sitting Fees Paid (Rs. in Lacs)
1	Mr. Rajendra S. Shah	0.70
2	Mr. Vinod Narain	0.00
3	Dr. S. R. Ganesh	0.30
4.	Mr. Bhupendra A. Shah	0.40
5.	Mr. Sanjay S. Majmudar	0.80
6.	Dr. S. Srikumar	0.25

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

d) QIP COMMITTEE:**i) Composition, Name of Members and Chairperson:**

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

ii) Brief description of terms of reference:

1. To monitor the execution of the projects specifically in context of utilization of the issue proceeds.
2. To submit quarterly Reports to the Audit Committee / Board of Directors of the Company.

During the year under review the Committee met on 23rd April 2009, 23rd July 2009, 26th October 2009 and 27th January 2010.

III Subsidiary Companies:

Company does not have any Non-Listed Indian Subsidiary.

IV Disclosures:**(A) Related Party Transactions:**

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

(B) Disclosure of Accounting Treatment:

In the preparation of the Financial Statements, the Company has followed Accounting policies and Practices as prescribed in the Accounting Standards and there is no change in the accounting treatment during the year under review except that on account of implementation of SAP as ERP Platform, the valuation of Inventories of Raw Materials & Stores is being done on the basis of Moving Weighted Average method instead of FIFO/YTD Average basis applied in the earlier period and the same has been disclosed in Note No. 12 of Schedule 17 - Notes to Accounts which form part of this Annual Report.

(C) Board Disclosure – Risk Management:

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

(D) The Company has not come out with any Public Issue, Right Issue or Preferential Issue etc. during the year under review. However, during the year under review Company issued 336430 Equity Shares of Rs.2.00 each to the erstwhile Shareholders of Reclamation Welding Limited on account of Scheme of Amalgamation of Reclamation Welding Limited and Paramount Centrispun Castings Private Limited with the Company as approved by the order of Hon'ble High Court of Gujarat dated 8th May 2009.

(E) Remuneration of Directors:

Mr. Bhadresh K. Shah is the only Executive Director of the Company and remuneration paid to him is as under:

(Rs. in Lacs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	60.00	3.26	63.26

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

The details of Sitting Fees paid to the Independent Directors and Non-Independent & Non-Executive Director for attending Board and Committee Meetings during the financial year 2009-2010 is given below:

Sr.No.	Name of the Directors	Sitting Fees Paid (Rs. in Lacs)
1	Mr. Rajendra S. Shah	0.70
2	Mr. Vinod Narain	0.00
3	Dr. S. R. Ganesh	0.30
4.	Mr. Bhupendra A. Shah	0.40
5.	Mr. Sanjay S. Majmudar	0.80
6.	Dr. S. Srikumar	0.25

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

(F) Management:

(i) Management Discussion and Analysis Report:

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



(ii) Disclosure of material Financial and Commercial Transactions:

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

(G) Shareholders:

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

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

The brief resume and other information required to be disclosed under this section are provided in the notice of the Annual General Meeting.

(ii) Quarterly results are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed and the same is posted on Company's website.

(iii) Shareholding of Non-Executive Directors as on 31st March 2010:

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

(H) Compliance by the Company:

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

(V) CEO / Executive Director (Finance) Certification:

The Managing Director and the Executive Director (Finance) of the Company have certified to the Board that the Financial Results of the Company for the year ended 31st March 2010 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required under Clause 49 (V) of the Listing Agreement.

(VI) Means of Communication:

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

(VII) General Body Meetings: (Last three years disclosures)
(a) GENERAL MEETING:
(i) ANNUAL GENERAL MEETINGS:

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

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

Financial Year	Date	Venue	Time
2008-09	23.09.2009	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015	10.00 A.M.
2007-08	16.09.2008	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015	10.00 A.M.
2006-07	31-08-2007	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015	10.00 A.M.

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on 23-09-2009 : NIL

Annual General Meeting held on 16-09-2008

- To consider to keep the Register and Index of Members, and copies of Annual Returns prepared under Section 159 and 160 of the Companies Act, 1956 together with the Copies of Certificates and documents required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956 at the Branch office of Link Intime India Pvt. Ltd. the Registrar and Share Transfer Agent of the Company at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380009

Annual General Meeting held on 31-08-2007

- To consider payment of Professional fees / compensation, if any, payable to Non-Executive Directors including Independent Directors of the Company.

(ii) EXTRAORDINARY GENERAL MEETING:

No Extraordinary General Meeting of the members was held during this year.

(iii) COURT CONVENED MEETING OF MEMBERS:

A Court Convened meeting of the Members of the Company was held on 16th January 2009 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015 in terms of the Order dated 24th November 2008 of the Hon'ble High Court of Gujarat, Ahmedabad for obtaining the requisite approval of the Members of the Company for the Scheme of Amalgamation of Reclamation Welding Limited and Paramount Centrispun Castings Private Limited with the Company.

**(b) POSTAL BALLOT:**

During the year under review and pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, Company dispatched the Notices dated 30th January 2010 to the members seeking their approval for passing the following Special / Ordinary Resolutions through Postal Ballot:

- (1) **SPECIAL RESOLUTION** - Under Section 17 & 149 (2A) of the Companies Act, 1956 for the insertion of a New Object Clause in the Main Object Clause of the Memorandum of Association of the Company;
- (2) **ORDINARY RESOLUTION** - Under Section 293 (1) (d) of the Companies Act, 1956 for amending the Borrowing Powers of the Board of Directors; and
- (3) **ORDINARY RESOLUTION** - Under Section 293 (1) (a) of the Companies Act, 1956 for amending the powers of the Board of Directors for Mortgage / Hypothecate / Create Security, the properties of the Company with respect to the Borrowings made by the Company.

The scrutinizer Mr. Tushar Vora, Practising Company Secretaries, Ahmedabad after due verification of all the Postal Ballot Forms received upto the close of working hours on 30th March 2010 (being the last date fixed for return of the postal ballot forms duly filled in by the members), submitted his report dated 3rd April 2010. The results of the Postal Ballot were announced by the Chairman of the Company on 5th April 2010. All the above resolutions were approved by the members of the Company by casting more than 90% votes in favour of the Resolutions.

VIII GENERAL SHAREHOLDER INFORMATION

Date and Time of 20th AGM	Thursday, the 12 th August 2010 at 10.00 A.M.
Venue of AGM	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
Financial Year	31 st March 2010
Book Closure Date	31.07.2010 to 12.08.2010
Registered Office Address	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410
Dividend Payment Date	Within 30 days from the date of declaration of Dividend.
Compliance Officer	Mr. S. N. Jetheliya, Company Secretary
Email for Redressal of Investors' Complaints in terms of Clause 47 (f) of the Listing Agreement	ric@aiaengineering.com
Website	www.aiaengineering.com

Financial Calendar (subject to change) for the Financial Year 2010-11

First Quarter Results	On or before 14 th August 2010
Second Quarter & Half Yearly Results	On or before 14 th November 2010
Third Quarter Results	On or before 14 th February 2011
Audited Results for the year 2010-11	On or before 30 th May 2011

(a) Listing on Stock Exchanges:

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

The listing fees for the year 2010-11 have been paid to both the Stock Exchanges.

(b) **Market Price Data:** The securities of the Company have been listed on BSE and NSE. The stock market prices were as under:

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	9745.77	206.00	122.70	208.00	122.00
May 2009	11635.24	263.00	166.75	266.90	160.00
June 2009	14746.51	263.95	210.00	264.70	213.00
July 2009	14506.43	234.50	189.05	234.90	188.90
August 2009	15694.78	283.55	218.00	283.95	218.50
September 2009	15691.27	320.90	256.05	321.00	255.50
October 2009	17186.20	359.90	294.65	360.00	292.90
November 2009	15838.63	390.60	298.00	390.00	299.15
December 2009	16947.46	392.00	320.05	393.70	326.10
January 2010	17473.45	398.00	316.20	396.60	315.00
February 2010	16339.32	364.70	316.80	361.30	318.00
March 2010	16438.45	434.00	335.05	405.95	333.15

(c) Registrar & Transfer Agents:

MUMBAI OFFICE

Link Intime India Private Limited
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West),

MUMBAI – 400 078

Phone No. 022-25960320-28

Fax No. 022-25960329

Email : isrl@vsnl.com

AHMEDABAD BRANCH OFFICE:

Link Intime India Private Limited
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura,

AHMEDABAD - 380 009

Phone – 079-26456179

email: ahmedabad@linkintime.co.in

(d) Share transfer System:

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

**(e) Distribution of Shareholding:****(i) Shareholding pattern as on 31st March, 2010.**

Category	No. of Shares held		Total No. of Shares	% of Holding
	Physical	Electronic		
Promoters	20015	58136050	58156065	61.66
Mutual Funds & UTI	0	12728927	12728927	13.49
Banks, FI & Insurance Companies	0	1500	1500	0.001
Foreign Financial Institutions	0	16828871	16828871	17.84
NRIs	0	227271	227271	0.24
Other Corporate Bodies	0	3212209	3212209	3.41
Indian Public	740	3164787	3165527	3.36
Total	20755	94299615	94320370	100.00

(ii) Distribution of Shareholding as on 31st March 2010.

No. of Equity Shares	No. of Folios	% of Total Folios	No. of Shares	% of Holding
1 to 500	11154	95.0107	1038780	1.1010
501 to 1000	229	1.9510	175356	0.1860
1001 to 2000	112	0.9540	166295	0.1760
2001 to 3000	52	0.4430	130456	0.1380
3001 to 4000	16	0.1360	56138	0.0600
4001 to 5000	23	0.1960	107996	0.1140
5001 to 10000	27	0.2300	203794	0.2160
10001 & above	126	1.0730	92441555	98.0080
Grand Total	11739	100.0000	94320370	100.0000
Shareholders in Physical Mode	12	0.1022	20755	0.0220
Shareholders in Electronic Mode	11727	99.8978	94299615	99.9780

(f) Dematerialization of Shares & Liquidity:

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

As on 31st March 2010, 94299615 Equity Shares are in Dematerialized Form representing 99.98% of the total paid up Equity share capital of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

(h) Plant Locations:

- 235-236, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382 410
- 129/129-A, G.V.M.M. Estate, Odhav Road, (Erstwhile Reclamation Welding Ltd.) Odhav, Ahmedabad - 382 410
- Plot Nos. 70-77, Survey Nos. 423/P, 426/P & 427/P, Mahagujarat Industrial Estate, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Dist.: Ahmedabad - 382 213
- Survey Nos. 544, 542/P/2, 543/P/1, 540/P/1, 539/P/2 and 18/P, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Dist. Ahmedabad - 382 213

(e) L-3, MIDC Industrial Area,
(Erstwhile Paramount Centrispun Castings Pvt. Ltd.)
Hingna, Nagpur - 440 016

(i) **Address for Correspondence:**

a) For transfer / dematerialization of shares, change of address of members and other queries:

MUMBAI OFFICE

Link Intime India Private Limited
C/13, Pannalal Silk Mills Compound,
Kantilal Maganlal Ind. Estate,
L.B.S. Marg, Bhandup (West),
MUMBAI - 400 078

Phone No. 022-25960320-28

Fax No. 022-25960329

Email : isrl@vsnl.com

AHMEDABAD BRANCH OFFICE:

Link Intime India Private Limited
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura,

AHMEDABAD - 380 009

Phone - 079-26456179

email: ahmedabad@linkintime.co.in

b) Any query relating to Dividend, Annual Reports etc.

Mr. S. N. Jetheliya,

Company Secretary & Compliance Officer

AIA Engineering Limited

115, GVMM Estate, Odhav Road, Odhav,

AHMEDABAD-382 410

Phone No. 079-22901078-81, Fax No. 079-22901077, 66114458 Email: snj@aiaengineering.com

Investors' related query mail to : ric@aiaengineering.com

Details of Non-Compliance

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

Practicing Company Secretaries Certificate on Corporate Governance

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

NON-MANDATORY REQUIREMENTS:

a) **Chairman of the Board**

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

b) **Remuneration Committee**

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

c) **Shareholder Rights**

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

d) **Postal Ballot**

The following Special / Ordinary resolutions were passed through Postal Ballot:

(1) **SPECIAL RESOLUTION** - Under Section 17 & 149 (2A) of the Companies Act, 1956 for the insertion of a New Object Clause in the Main Object Clause of the Memorandum of Association of the Company;

(2) **ORDINARY RESOLUTION** - Under Section 293 (1) (d) of the Companies Act, 1956 for amending the Borrowing Powers of the Board of Directors; and

(3) **ORDINARY RESOLUTION** - Under Section 293 (1) (a) of the Companies Act, 1956 for amending the powers of the Board of Directors for Mortgage / Hypothecate / Create Security, the properties of the Company with respect to the Borrowings made by the Company.

The above report was adopted by the Board of Directors at their meeting held on 29th May 2010.



Practicing Company Secretaries Certificate on Corporate Governance

To
The Members of
AIA Engineering Limited,
Ahmedabad-382 410

We have examined the compliance of conditions of Corporate Governance by AIA ENGINEERING LIMITED for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement. However, Mr. Rajendra S. Shah, Chairman of the Audit Committee could not attend the Annual General Meeting due to unavoidable circumstances.

We state that during the year ended 31st March 2010, only 1 Investor complaint was received and no Investor Complaint is pending against the Company as on 31st March 2010 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee and to us.

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

For Tushar Vora & Associates
Company Secretaries

Place : Ahmedabad
Date : 29th May, 2010

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

DECLARATION

In compliance with Clause 49 of the Listing Agreement, I Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2009-10.

Place : Ahmedabad
Date : 29th May, 2010

(Bhadresh K. Shah)
Managing Director

MANAGING DIRECTOR / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION

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

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

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2010 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions executed into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We are responsible for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Bhadresh K. Shah
Managing Director

Kunal D. Shah
Executive Director (Finance)

Place : Ahmedabad
Date : 29th May, 2010

Place : Ahmedabad
Date : 29th May, 2010



MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

Infrastructure is the pivot on which economic development of any country rests. Cement, Mining and Utilities are the basic drivers of infrastructure development. Mill Internals manufactured by the Company find application in the above mentioned industries.

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

The demand of our products is driven by maintenance requirement market and project requirement market. Outlook in both areas of demand is healthy.

Presently, the Company is mainly focusing on the Cement and Mining segment outside India, however, in India, it is servicing all the three segments.

B. SWOT ANALYSIS

The Company is uniquely positioned as a supplier of High Chrome Mill Internals on a global scale, on account of the following competitive strengths:

- Focus on the combination of Metallurgy, Design and Applications.
- Comprehensive solutions based approach, as distinct from supply of commodity products.
- Focus on technology research and development.
- Worldwide presence in more than 60 countries, being directly in front of the customers through a net work of overseas marketing Subsidiaries in the Middle East, Europe and USA and warehouse facilities.
- Low cost of production.
- Strategic commercial partnerships with leading OEMs and Customers.
- A management team comprising of Technocrats, Professionals and Consultants having rich experience in High Chrome Mill Internals industry.

WEAKNESS/THREATS

- Inability to scale up the capacities rapidly owing to extremely high importance of absolutely zero failure rate of the products expected by the customers, requiring close monitoring of the quality.
- Issues related to logistics, particularly with the increasing volumes of the products.
- Current global slowdown in the cement Industry-particularly in the EU and USA-which may impact the short term performance of the Company.
- The focus on the Global Mining Industry may lead to pressure on the margins in the short term due to the typical entry related competitive factors.

OPPORTUNITIES AND STRATEGIES

- To tap the opportunities available in the global Mining and Cement segment and the Cement, Mining & Utility segment in India.

- To expand the Cement market by adding new geographies and also by focusing on widening of product-portfolio in the Cement business.
- To widen the basket of minerals by focusing on solutions for Copper, Gold and Platinum in addition to Iron Ore Mining in the global markets.
- To maintain and further strengthen our capabilities of Research & Development activity.
- To consider tapping the significant opportunity offered by China as a Market for the mill internals consumed by the Cement and Utility Industry.
- To focus more on strategic relationship/ commercial partnerships with international groups.

C. SEGMENTWISE PERFORMANCE

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. However, from the market stand point, to give a better understanding of our market positioning, it may be mentioned that in F.Y. 2009-10, 45.14 % of the total consolidated sales came from within India and balance 54.86 % came from outside India.

D. OUTLOOK AND PROSPECTS

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

Fiscal year 2008-09 –particularly the Second Half of fiscal year 2008-09 witnessed on set of deep recessionary trends in the major global markets. The countries which were particularly worst hit include North America, South America, European Subcontinent as well as CIS countries. Since your Company is strongly present in the Cement segment in all these major markets, it has witnessed a temporary impact of this slow down in the Cement replacement demand from the above markets. This impact to a large extent was also felt during the fiscal year 2009-10. However, some of the pockets of the world market-particularly Eastern Europe, The Middle East, Latin America, China and the Asia Pacific countries have continued their growth in Cement Business with varying degree. It is hoped that the EU and the US will start recovery in FY 2011.

On the Mining front, since your Company had focused strongly on Iron Ore for its worldwide foray into Mining business, significant slow down in the Iron Ore production world wide resulted into a sizeable destocking activity by the major Iron Ore mines, which affected your Company's plan to ramp up its production for servicing this segment in First Half of FY 2010.

However, the initiatives taken by the Company for sustaining the growth momentum have yielded satisfactory results. Thus in the Cement segment your Company has widened the market horizon by adding many new countries and Customers in FY 2010. On the mining front your Company has aggressively diversified into other minerals like Copper, Platinum and Gold and has added many new Customers and Markets from the Second Half of FY 2010. It is heartening to note that on the Iron Ore front also, the demand has revived and the Company has started servicing this segment also.

Similarly on the Cement front, your Company has also started supplies to the Chinese markets.

On the domestic marketing front, your Company continues to enjoy a Significant share in all the three segments where it operates.

Thus, the long term prospects continue to remain very much bullish and strong.

Your Company is targeting to increase the production capacity up to around 2,00,000 tons so as to become effective and available in the fiscal year 2010-11. This would be done through a cap-ex of around Rs.50 crores which will be funded through internal cash generation.



E. RISKS AND CONCERNS

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

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

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

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY

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

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

The Company has successfully migrated to the SAP-ERP system in FY 2010-and this has helped in further strengthening the Internal Control System.

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

G. FINANCIAL PERFORMANCE REVIEW

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

I. Consolidated Performance

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

(a) Physical Production

The production achieved is as under:

(Qty. in M.T.)

Product	F.Y.2009-10	F.Y.2008-09
High Chrome Mill Internals	101561	103570

(b) Sales Turnover (Consolidated)

The comparative position of Sales Turnover achieved by the Company is as under:

(Rs. in Lacs)

Particulars	F.Y.2009-10	F.Y.2008-09
Sales in India	42868.45	44192.30
Sales Outside India	52101.69	58136.80
Total	94970.14	102329.10

(c) Key Performance Indicators (Consolidated)

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

(Rs. in Lacs)

	Particulars	F.Y.2009-10	F.Y.2008-09
1	Net Sales	94970.14	102329.10
2	Raw Materials Consumed (incl. Stores, Spares & Trading Purchase)	43888.48	51000.42
	- % of Sales	46.21%	49.83%
3	Employee's Cost	4333.23	4105.53
	- % of Sales	4.56%	4.01%
4	Other Expenditure	23096.48	24073.95
	- % of Sales	24.32%	23.53%
5	EBIDTA	26111.52	27165.55
	- % of Sales	27.49%	26.55%
6	Interest Cost	139.84	207.26
	- % of Sales	0.15%	0.20%
7	Depreciation	2270.87	2025.19
	- % of Sales	2.39%	1.98%
8	Profit Before Tax	23700.81	24933.10
	- % of Sales	24.96%	24.37%
9	Profit After Tax	17074.24	17344.18
	- % of Sales	17.98%	16.95%

II. Standalone performance

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

(a) Physical Production

(Qty. in M.T.)

Product	F.Y 2009-10	F.Y. 2008-09
High Chrome Mill Internals	71364.080	72436.221

(b) Sales Turnover (Standalone)

The comparative position of Sales Turnover achieved by the Company is as under:

(Rs. in Lacs)

Particulars	F.Y.2009-10	F.Y.2008-09
Sales in India	39393.36	43103.74
Sales Outside India	41026.14	49182.21
Total	80419.50	92285.95

**(c) Key Performance Indicators (Standalone)**

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

(Rs. in Lacs)

	Particulars	F.Y.2009-10	F.Y.2008-09
1	Net Sales	80419.50	92285.95
2	Raw Materials Consumed (incl. Stores, Spares & Trading Purchase)	40271.56	52183.53
	- % of Sales	50.08%	56.55%
3	Employee's Cost	2805.77	2569.92
	- % of Sales	3.49%	2.78%
4	Other Expenditure	19472.96	17140.94
	- % of Sales	24.21%	18.57%
5	EBIDTA	20586.94	22283.01
	- % of Sales	25.60%	24.15%
6	Interest Cost	76.21	84.67
	- % of Sales	0.09%	0.09%
7	Depreciation	1880.59	1617.08
	- % of Sales	2.34%	1.75%
8	Profit Before Tax	18630.14	20581.26
	- % of Sales	23.17%	22.30%
9	Profit After Tax	12256.19	13345.77
	- % of Sales	15.24%	14.46%

H) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

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

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

Cautionary Statement

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

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

AUDITORS' REPORT

To
The Members of
AIA Engineering Limited

1. We have audited the attached Balance Sheet of **AIA ENGINEERING LIMITED** as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. Without qualifying our opinion, we draw attention to:
 - (a) Note 9 of Schedule 17 regarding derivatives contracts entered into by the Company to hedge Foreign Currency Risk. The notional Marked - to - Market loss on these unexpired contracts as on 31st March 2010 amounting to Rs.2537.78 Lacs has not been considered in the Financial Statements.
 - (b) Note 11 of Schedule 17 regarding valuation of inventory of raw materials, stores and spares. During the year, the Company has implemented SAP as ERP Platform and the valuation of inventories of raw materials, stores and spares for the year is done on the basis of Moving Weighted Average Method instead of FIFO / YTD average basis applied in the earlier years. Had the Company followed the same previous year method of valuing inventories of raw materials, stores and spares, the value of inventory would have been less by Rs.72.35 Lacs and consequently the Profit for the year ended 31st March 2010 would have been less by Rs.72.35 Lacs. Further, previous year figures are not comparable to that extent.



- vi. On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

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

(ANAND SHARMA)
Partner

Membership No. 129033

Place : AHMEDABAD
Date : 29th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Majority of the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any major part of the Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) During the year, the Company has not granted unsecured loan to any Company / firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, Clause (iii) (b), (iii) (c) and (iii) (d) of Paragraph 4 of the Order are not applicable.
- (b) The Company has not taken any Loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, Clause (iii) (f) and (iii) (g) of Paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- (vii) The Company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under review. The Internal Audit for the year is therefore carried out by the said firm. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Therefore the provisions of this Clause of the Order are not applicable to the Company.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory Duties applicable to it. There are no undisputed Statutory Dues as referred to above as at 31st March 2010 outstanding for a period of more than six months from due date they become payable.



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

Name of the statute	Nature of dues	Amount under dispute not yet deposited Rs. in Lacs	Periods to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax including interest and penalty as applicable.	6.84	2003-2004	Tribunal
The Central Excise Act 1944	Excise Duty including interest and penalty, as applicable	18.66	2000-2002	CESTAT, Mumbai
		82.82	2003-2004	CESTAT
		7.50	2007-2008	CESTAT
		0.59	2003-2004	Dy. Commissioner
		1.63	2008-2009	Commissioner Level
		19.83	2008-2009	CESTAT
Service Tax Act	Service Tax including interest and penalty, as applicable	106.61	1997-2001 & 2001-2003	Dy. Commissioner
		941.22	2005-2007	CESTAT
		20.30	2007-2009	CESTAT
Sales Tax	Sales Tax / Central Sales Tax	90.18	2003-2004	Deputy Commissioner of Commercial Tax Appeals
		0.30	2003-2004	
		19.76	2004-2005	
Employees State Insurance Corporation	ESI Contribution	1.16	1997-1998	Asst. Director ESIC

- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
- (xii) In our opinion and according to the explanations given to us, the Company has not granted any loans against security by way of pledge of Shares, Debentures and other Securities. Therefore the provisions of this Clause of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund/society. Therefore, the provisions of this Clause of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of this Clause of the Order are not applicable to the Company.

- (xv) In our opinion the Company has provided Guarantees for Non-fund based limits taken by the Subsidiary of the Company from a Bank. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company did not have any Term Loan outstanding during the year under audit.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties covered in register under Section 301 of the Companies Act, 1956.
- (xix) During the period covered by our audit report, the Company has not issued any debentures. Therefore, the provisions of this Clause of the Order are not applicable to the Company.
- (xx) We have verified the end use of money raised by Qualified Institutions Placement (QIP) and has been disclosed in the Note No 1 to Notes forming part of accounts.
- (xxi) Based on the audit procedures performed and representation obtained from Management, we report that no case of fraud on or by the Company has been noticed or reported for the year under audit.

For TALATI & TALATI
Chartered Accountants
(Firm Reg. No : 110758W)

(ANAND SHARMA)

Partner
Membership No. 129033

Place : AHMEDABAD
Date : 29th May, 2010

**BALANCE SHEET AS AT 31st MARCH, 2010**

	Schedule	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SOURCES OF FUNDS :-			
1. SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	1886.41	1879.68
(b) Share Capital Suspense		0.00	6.73
(c) Reserves and Surplus	2	<u>72494.78</u>	<u>62989.63</u>
		74381.19	64876.04
2. LOAN FUNDS :			
(a) Secured Loans	3	0.00	3541.62
(b) Unsecured Loan	4	<u>163.48</u>	<u>169.16</u>
		163.48	3710.78
3. DEFERRED TAX LIABILITIES (NET)			
	5	<u>1337.33</u>	<u>1081.57</u>
TOTAL :		<u>75882.00</u>	<u>69668.39</u>
APPLICATION OF FUNDS :-			
1. FIXED ASSETS :			
(a) Gross Block	6	27886.22	25685.94
(b) Less : Depreciation		<u>7395.35</u>	<u>5538.79</u>
Net Block		20490.87	20147.15
(c) Capital Work in Progress		<u>1026.66</u>	<u>667.94</u>
		21517.53	20815.09
2. INVESTMENTS			
	7	15591.71	5583.71
3. CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Interest accrued on Investments	8	96.29	346.77
(b) Inventories		9962.81	7705.27
(c) Sundry Debtors		18392.08	15412.67
(d) Cash and Bank Balances		12565.11	21919.36
(e) Loans and Advances		<u>31611.89</u>	<u>25071.96</u>
		72628.18	70456.03
Less : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	9	6914.16	5470.89
(b) Provisions		<u>26941.26</u>	<u>21715.55</u>
		33855.42	27186.44
NET CURRENT ASSETS		<u>38772.76</u>	<u>43269.59</u>
TOTAL :		<u>75882.00</u>	<u>69668.39</u>
Significant Accounting Policies	16		
Notes forming part of the Accounts	17		

Schedules referred to herein above form an intergral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010

	Schedule	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
INCOME :-			
Gross Sales		83119.47	97361.21
Less : Central Excise Duty		2699.97	5075.26
Net Sales	10	80419.50	92285.95
Other Income	11	2775.64	1997.43
Increase / (Decrease) in Stock	12	(57.91)	(415.12)
TOTAL :		83137.23	93868.26
EXPENDITURE :-			
Trading Purchases		9011.25	14877.79
Manufacturing Expenses	13	44016.87	50634.29
Administrative, Selling and Other Expenses	14	9522.17	6382.31
Interest Expenses	15	76.21	84.67
Depreciation	6	1880.59	1617.08
TOTAL :		64507.09	73596.14
Add: Excess Provision written back		18630.14	20272.12
		0.00	309.14
		18630.14	20581.26
PROFIT BEFORE TAXES			
PROVISION FOR TAXES			
a) Current Tax		6100.00	6775.00
b) Short Provision for earlier years		18.18	7.59
c) Deferred Tax		255.77	421.90
d) Fringe Benefits Tax		00.00	31.00
Total Taxes		6373.95	7235.49
PROFIT AFTER TAXES		12256.19	13345.77
Surplus Brought forward from Previous year		30855.71	21600.91
PROFIT AVAILABLE FOR APPROPRIATIONS :		43111.90	34946.68
Appropriations :			
Interim Dividend on Equity Shares		754.56	563.90
Proposed Final Dividend on Equity Shares		1603.45	1792.09
Tax on Dividend		393.03	400.40
Transferred to General Reserve		1225.62	1334.58
		3976.66	4090.97
Balance carried to Balance Sheet		39135.24	30855.71
Basic and Diluted Earning Per Equity Share of Rs. 2/- each. (Refer point no. 6 of Schedule 17)		12.99	14.15
Significant Accounting Policies	16		
Notes forming part of the Accounts	17		

Schedules referred to herein above form an intergral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010



CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
A. NET PROFIT BEFORE TAX	18630.14	20581.26
Add / (Less) : Adjustments for		
Depreciation	1880.59	1617.08
Unrealised Exchange Fluctuation (Gain) / Loss	111.48	32.54
Excess Depreciation written back	0.00	(309.14)
Interest and Finance Charges	76.21	84.66
Interest Income	(929.13)	(695.90)
Profit on Sale of Assets	(3.76)	(39.73)
Dividend on Shares	(9.14)	(9.14)
Dividend on Mutual Fund	(329.08)	(364.13)
Profit on Sale of Investments	(0.06)	(7.68)
Loss on Sale of Assets	6.41	2.31
Loss on sale of Mutual Fund Units	0.00	2.17
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	19433.66	20894.30
(Increase) / Decrease in Current Assets		
Trade and Other Receivables	(4015.48)	(2143.93)
Inventories	(2257.54)	2272.35
Trade Payables	1098.90	809.05
CASH GENERATED FROM OPERATION	14259.54	21831.77
Direct Taxes paid	(5573.07)	(6429.94)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	8686.47	15401.83
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	929.13	695.91
Dividend received	338.22	373.26
Purchase of Fixed Assets	(2609.77)	(3706.16)
Purchase of Investments	(10830.52)	(4138.02)
Sale of Fixed Assets	24.08	163.30
Sale of Investments	822.58	9475.36
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(11326.28)	2863.65
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Proceeds for Secured Borrowings	(3541.62)	3495.35
Payment for other Borrowings	(5.68)	(3.47)
Interest and Finance Charges paid	(76.21)	(84.67)
Final and Interim Dividend paid including Tax	(2979.45)	(1539.39)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(6602.96)	1867.82
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(9242.77)	20133.30
Cash and Cash Equivalents as at 1st April	21919.36	1357.29
Add : Cash and Cash Equivalents taken over on Amalgamation	0.00	461.31
	21919.36	1818.60
Cash and Cash Equivalents as at 31st March	12676.59	21951.90
Net Increase / (Decrease) in Cash and Cash Equivalents	9242.77	(20133.30)
Cash and Cash Equivalents Comprise :		
Cash and Bank Balances	12565.11	21919.36
Adjustment : Unrealised Exchange Gain / Loss	111.48	32.54
	12676.59	21951.90

Note : Cash and Cash Equivalents includes balances with the Schedule Banks in Unpaid Dividend Account Rs.3.31 Lacs (Previous Year Rs. 1.06 Lac) which are not available for the use of the Company.

Schedules referred to herein above form an intergral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

SCHEDULES 1 TO 9 FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 1 SHARE CAPITAL		
AUTHORISED :		
230000000 Equity Shares of Rs.2/- each (Previous Year 230000000 Equity Shares of Rs.2/-each) Face Value of Rs.10/- each splitted into Face Value of Rs.2/- each w.e.f. 21st October, 2008	4600.00	4600.00
TOTAL :	4600.00	4600.00
ISSUED, SUBSCRIBED & PAID UP :		
94320370 Equity Shares of Rs.2/-each fully paid up (Previous Year 93983940 Equity Shares of Rs.2/-each fully paid up)	1886.41	1879.68
Out of the above :		
336430 Equity Shares (Previous Year NIL) of Rs.2/- each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd. pursuant to the Scheme of Amalgamation		
52305520 Equity Shares (Previous Year 52305520) have been issued as fully paid-up Bonus Shares by way of Capitalization of Securities Premium Account.		
TOTAL :	1886.41	1879.68
SCHEDULE : 2 RESERVES AND SURPLUS		
A. Capital Redemption Reserve	1925.74	1913.38
Add : On Amalgamation	0.00	12.36
	1925.74	1925.74
B. Securities Premium	26579.52	26579.52
C. General Reserve	3628.66	2520.00
Add : Transferred from Profit and Loss Account	1225.62	1334.58
	4854.28	3854.58
Less : On Amalgamation	0.00	225.92
	4854.28	3628.66
D. Profit and Loss Account	39135.24	30855.71
TOTAL :	72494.78	62989.63



	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 3 SECURED LOANS		
A. TERMLOAN :		
From Bank :	0.00	18.22
The Term Loan is secured by Equitable mortgage in favour of State Bank of India on the Land and Buildings and hypothecation of Plant & Machineries of the erstwhile Reclamation Welding Ltd.		
B. WORKING CAPITAL FACILITIES :		
From Banks :	0.00	3523.40
The Working Capital Facilities are secured by paripassu charge in favour of State Bank of India and The Royal Bank of Scotland N.V. (Formerly known as ABN AMRO Bank N.V.) on the Company's movable and immovable properties both present and future by way of hypothecation and mortgage.		
TOTAL :	<u>0.00</u>	<u>3541.62</u>
SCHEDULE : 4 UNSECURED LOAN		
FROM STATE GOVERNMENT :		
Deferred Sales tax under Package Scheme of Incentives 1993 of Government of Maharashtra for erstwhile Paramount Centrispun Castings Pvt.Ltd.	163.48	169.16
TOTAL :	<u>163.48</u>	<u>169.16</u>
SCHEDULE : 5 DEFERRED TAX LIABILITIES / DEFERRED TAX ASSETS (NET)		
A. DEFERRED TAX LIABILITIES :		
Arising on account of timing difference		
- Depreciation	1420.14	1145.74
TOTAL DEFERRED TAX LIABILITIES (A)	1420.14	1145.74
Less :		
B. DEFERRED TAX ASSETS :		
Arising on account of timing difference		
- Gratuity	0.00	2.77
- Leave Encashment	80.12	61.40
- Others	2.69	0.00
TOTAL DEFERRED TAX ASSETS (B)	82.81	64.17
TOTAL : (A - B)	<u>1337.33</u>	<u>1081.57</u>

SCHEDULE : 6 FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Name of the fixed assets	GROSS BLOCK					DEPRECIATION					NET BLOCK		
		As at 1-4-2009	Addition on A/c of Amalgamation	Addition During the Year	Sales/ Transfer Adjustments	As at 31-3-2010	As at 1-4-2009	Addition on A/c of Amalgamation	Written Back During the Year	For the Year	Net Adjust-ment	As at 31-3-2010	As at 31-3-2010	As at 31-3-2009
A.	INTANGIBLE ASSETS :													
1	GOODWILL	28.62	0.00	0.00	0.00	28.62	24.32	0.00	0.00	4.30	0.00	28.62	0.00	4.30
2	PATENTS AND COPYRIGHTS	2.44	0.00	0.00	0.00	2.44	0.71	0.00	0.00	0.12	0.00	0.83	1.61	1.73
3	SOFTWARE	0.00	0.00	61.06	0.00	61.06	0.00	0.00	0.00	8.24	0.00	8.24	52.82	0.00
	SUB TOTAL (A) :	31.06	0.00	61.06	0.00	92.12	25.03	0.00	0.00	12.66	0.00	37.69	54.43	6.03
B.	TANGIBLE ASSETS :													
1	FREEHOLD LAND	1192.20	0.00	3.37	0.00	1195.57	0.00	0.00	0.00	0.00	0.00	0.00	1195.57	1192.20
2	LEASEHOLD LAND	6.67	0.00	0.00	0.00	6.67	0.00	0.00	0.00	0.00	0.00	0.00	6.67	6.67
3	BUILDINGS	7806.83	0.00	804.68	0.00	8611.51	654.77	0.00	0.00	272.40	0.00	927.17	7684.34	7152.06
4	PLANT AND MACHINERIES	13821.18	0.00	1198.19	5.69	15013.68	4102.41	0.00	0.00	1327.40	0.75	5429.06	9584.62	9718.77
5	ELECTRICAL INSTALLATION	1208.16	0.00	1.25	0.00	1209.41	179.84	0.00	0.00	127.21	0.00	307.05	902.36	1028.32
6	COMPUTERS	285.21	0.00	31.55	8.04	308.72	133.52	0.00	0.00	40.55	7.51	166.56	142.16	151.69
7	FURNITURE AND FIXTURES	684.92	0.00	59.28	1.13	743.07	205.80	0.00	0.00	43.50	0.04	249.26	493.81	479.12
8	VEHICLES	386.81	0.00	68.15	35.91	419.05	103.26	0.00	0.00	39.08	15.73	126.61	292.44	283.55
9	LABORATORY EQUIPMENTS	262.89	0.00	23.53	0.00	286.42	134.16	0.00	0.00	17.79	0.00	151.95	134.47	128.73
	SUB TOTAL (B) :	25654.87	0.00	2190.00	50.77	27794.10	5513.76	0.00	0.00	1867.93	24.03	7357.66	20436.44	20141.11
	TOTAL : (A + B)	25685.93	0.00	2251.06	50.77	27886.22	5538.79	0.00	0.00	1880.59	24.03	7395.35	20490.87	20147.14
C.	CAPITAL WORK IN PROGRESS	667.94	0.00	1026.66	667.94	1026.66	0.00	0.00	0.00	0.00	0.00	0.00	1026.66	667.94
	GRAND TOTAL	26353.87	0.00	3277.72	718.71	28912.88	5538.79	0.00	0.00	1880.59	24.03	7395.35	21517.53	20815.08
	TOTAL PREVIOUS YEAR	17128.46	2721.85	6003.60	167.97	25685.94	2547.94	1725.00	309.14	1617.08	42.09	5538.79	20147.15	14580.52
	CAPITAL WORK IN PROGRESS	2955.01	10.37	667.94	2965.38	667.94	0.00	0.00	0.00	0.00	0.00	0.00	667.94	2955.01
	GRAND TOTAL 2008-2009	20083.47	2732.22	6671.54	3133.35	26353.88	2547.94	1725.00	309.14	1617.08	42.09	5538.79	20815.09	17535.53



	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 7 INVESTMENTS (AT COST)		
LONG TERM TRADE INVESTMENTS: (QUOTED)		
INVESTMENT IN SUBSIDIARY COMPANY IN INDIA :		
456881 Equity Shares of Welcast Steels Ltd. of Rs.10/- each fully paid up. (Previous year 456881 Equity Shares)	1296.27	1296.27
LONG TERM TRADE INVESTMENTS: (UNQUOTED)		
A. INVESTMENT IN SUBSIDIARY COMPANIES OUTSIDE INDIA :		
32500 Equity Shares of Vega Industries (Middle East) FZE, U.A.E. of US\$ 10/- each fully paid up (Previous year 32500 Equity Shares)	149.39	149.39
B. INVESTMENT IN OTHER COMPANY :		
25 Equity Shares of Koramangla Properties Pvt. Ltd.of Rs.100/-each fully paid up (Previous year 25 Equity Shares)	0.03	0.03
CURRENT INVESTMENT IN MUTUAL FUNDS : (UNQUOTED) :		
A. INVESTMENT OUT OF UNUTILIZED MONEY RAISED BY ISSUE :		
1. HDFC Cash Management Treasury Advantage Fund 1.051 Units NAV of Rs.10.2569 each (Previous Year 254501.415 Units NAV of Rs.10.03150 each)	0.00	25.53
2. HDFC Fixed Maturity Plan 100 days 10042440 Units NAV of Rs.10 each (Previous Year NIL)	1004.24	0.00
3. LIC Savings Plus Fund 28615862.380 Units NAV of Rs.10 each (Previous Year NIL)	2861.59	0.00
4. Principal PNB Floating Rate Fund Institutional Plan 5092552.957 Units NAV of Rs.10.0123 each (Previous Year NIL)	509.88	0.00
5. State Bank of India SHF Ultra Short Term Plan 9126058.423 Units NAV of Rs.10.0050 each (Previous Year 1807316.358 Units NAV of Rs.10.005 each)	913.07	180.82
	5288.78	206.35

	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs															
B. CURRENT INVESTMENT OUT OF OTHER FUND :																	
1. Reliance Money Manager Fund Institutional Option 44331.461 Units NAV of Rs.1001.13650 each (Previous Year 59981.686 Units NAV of Rs.1001.13640 each)	443.82	600.50															
2. HDFC Cash Management Treasury Advantage Fund 11871246.288 Units NAV of Rs.10.03150 each (Previous Year 18254246.996 Units NAV of Rs.10.03150 each)	1190.86	1831.17															
3. State Bank of India Mutual Fund SDFS-13M 15000000.000 Units NAV of Rs.10.0000 each (Previous Year 15000000 Units NAV of Rs.10.000 each)	1500.00	1500.00															
4. State Bank of India Debt fund Series 180 Days 20000000.000 Units NAV of Rs.10.0000 each (Previous Year NIL)	2000.00	0.00															
5. State Bank of India SHF Ultra Short Term Plan 22082615.383 Units NAV of Rs.10 each (Previous Year NIL)	2209.58	0.00															
6. Birla Sunlife Floating Rate Fund 10062830.846 Units NAV of Rs.10.0231 each (Previous Year NIL)	1008.61	0.00															
7. ICICI Prudential Flexible Income Plan 476955.600 Units NAV of Rs.105.735 each (Previous Year NIL)	504.31	0.00															
	8857.18	3931.67															
	14145.96	4138.03															
INVESTMENT IN GOVERNMENT SECURITIES :																	
National Savings Certificates	0.06	0.00															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">AGGREGATE VALUE</th> <th style="text-align: center;">QUOTED</th> <th style="text-align: center;">UNQUOTED</th> </tr> </thead> <tbody> <tr> <td>Cost</td> <td style="text-align: right;">1296.27</td> <td style="text-align: right;">14295.44</td> </tr> <tr> <td>Previous Year</td> <td style="text-align: right;">1296.27</td> <td style="text-align: right;">4287.44</td> </tr> <tr> <td>Market Value</td> <td style="text-align: right;">2238.03</td> <td></td> </tr> <tr> <td>Previous Year</td> <td style="text-align: right;">1192.46</td> <td></td> </tr> </tbody> </table>			AGGREGATE VALUE	QUOTED	UNQUOTED	Cost	1296.27	14295.44	Previous Year	1296.27	4287.44	Market Value	2238.03		Previous Year	1192.46	
AGGREGATE VALUE	QUOTED	UNQUOTED															
Cost	1296.27	14295.44															
Previous Year	1296.27	4287.44															
Market Value	2238.03																
Previous Year	1192.46																
TOTAL :	15591.71	5583.71															



	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 8 CURRENT ASSETS , LOANS AND ADVANCES		
CURRENT ASSETS :		
A. INTEREST ACCRUED ON INVESTMENTS	96.29	346.77
B. INVENTORIES		
(As taken, valued & certified by the Management) (At lower of cost or Net Realisable Value)		
Raw Materials (Incl. Stock in Transit Rs.894.80 Lacs) (Previous Year Rs.465.49 Lacs)	4294.74	2519.76
Stores & Spares (Incl. Stock in Transit Rs.228.65 Lacs) (Previous Year Rs.350.10 Lacs)	1674.77	1134.30
Work-In Process	3993.30	4051.21
	9962.81	7705.27
C. SUNDRY DEBTORS		
(Unsecured, Considered Good)		
a) Debts outstanding for a period exceeding six months	600.54	1009.56
b) Others (*)	17791.54	14403.11
	18392.08	15412.67

Note : (*) Includes dues from :	Maximum due during the year		
Subsidiaries :			
Welcast Steels Ltd.	817.58	33.49	655.19
Previous Year	655.19		
Vega Industries Ltd., U.S.A.	159.28	0.00	0.10
Previous Year	0.10		
Vega Industries (Middle East) FZE, U.A.E.	10858.32	6135.86	4146.24
Previous Year	9128.74		
Vega Industries Ltd. U.K.	966.57	0.00	2.22
Previous Year	2.22		

	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs																																
D. CASH AND BANK BALANCES																																		
a) Cash on hand	3.24	3.94																																
b) Balance with Scheduled Banks																																		
i) In Fixed Deposits	1840.41	15947.29																																
ii) In Current Accounts (including Cheques on hand Rs.NIL (Previous Year Rs.56.42 Lacs)	10612.49	5934.14																																
iii) In Current Accounts-Unutilized money of QIP	108.97	33.99																																
	12565.11	21919.36																																
LOANS & ADVANCES :																																		
(Unsecured, Considered Good)																																		
A) Advances and Loan to subsidiaries @	1257.14	627.57																																
B) Advances recoverable in cash or in kind or for value to be received	2109.42	1239.98																																
C) Sundry Deposits and Advances	1585.15	1302.28																																
D) Loans and Advances to Staff	98.78	72.83																																
E) Balance with Central Government Authorities	2245.79	2767.06																																
F) Advance Income tax & Tax deducted at source	24249.73	18955.61																																
G) Advance Fringe Benefit tax	65.88	106.63																																
	31611.89	25071.96																																
<table border="1" style="width: 100%; border-style: dashed;"> <thead> <tr> <th style="text-align: left;">@ Includes dues from :</th> <th colspan="3" style="text-align: center;">Maximum due during the year</th> </tr> </thead> <tbody> <tr> <td colspan="4">Subsidiaries : @</td> </tr> <tr> <td>Welcast Steels Ltd.</td> <td style="text-align: right;">2502.56</td> <td style="text-align: right;">1257.14</td> <td style="text-align: right;">625.66</td> </tr> <tr> <td> Previous Year</td> <td style="text-align: right;">3350.84</td> <td></td> <td></td> </tr> <tr> <td>Vega Industries (Middle East) FZE U.A.E.</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">1.91</td> </tr> <tr> <td> Previous Year</td> <td style="text-align: right;">1.91</td> <td></td> <td></td> </tr> <tr> <td>Welcast Steels Ltd. Inter Corporate Deposit</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td> Previous Year</td> <td style="text-align: right;">190.00</td> <td></td> <td></td> </tr> </tbody> </table>			@ Includes dues from :	Maximum due during the year			Subsidiaries : @				Welcast Steels Ltd.	2502.56	1257.14	625.66	Previous Year	3350.84			Vega Industries (Middle East) FZE U.A.E.	0.00	0.00	1.91	Previous Year	1.91			Welcast Steels Ltd. Inter Corporate Deposit	0.00	0.00	0.00	Previous Year	190.00		
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Previous Year	190.00																																	
TOTAL :	72628.18	70456.03																																



	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs									
SCHEDULE : 9 CURRENT LIABILITIES AND PROVISIONS											
CURRENT LIABILITIES :											
a) Sundry Creditors *											
Micro, Small and Medium Enterprises (Refer Point No.2 of Schedule : 17)	0.00	0.00									
Other than Micro, Small and Medium Enterprises	5781.42	4386.07									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">* Includes due to :</th> <th colspan="2" style="text-align: center;">Maximum due during the year</th> </tr> </thead> <tbody> <tr> <td>Subsidiaries : *</td> <td style="text-align: right;">187.07</td> <td style="text-align: right;">187.07</td> </tr> <tr> <td>Previous Year</td> <td style="text-align: right;">282.10</td> <td style="text-align: right;">281.74</td> </tr> </tbody> </table>			* Includes due to :	Maximum due during the year		Subsidiaries : *	187.07	187.07	Previous Year	282.10	281.74
* Includes due to :	Maximum due during the year										
Subsidiaries : *	187.07	187.07									
Previous Year	282.10	281.74									
b) Other Liabilities	39.21	147.74									
c) Unclaimed Equity Dividend @	3.31	1.06									
d) Statutory Liabilities	109.68	189.00									
e) Advances from Customers	980.54	747.02									
	6914.16	5470.89									
<p>@ There is no amount due to be transferred to Investor Education & Protection Fund.</p>											
PROVISIONS :											
a) Provision for Income Tax	24563.00	18724.00									
b) Provision for Fringe Benefits Tax	65.80	106.30									
c). Proposed Final Dividend	1603.45	1792.09									
d) Provision for Corporate Tax on Dividend	264.79	304.57									
e) Provision for Expenses	182.90	543.43									
f) Provision for Product Warranties Claim	21.20	64.51									
g) Provision for Gratuity	4.41	0.00									
h) Provision for Leave Encashment	235.71	180.65									
	26941.26	21715.55									
TOTAL :	33855.42	27186.44									

**SCHEDULES 10 TO 15 FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010**

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 10 SALES		
A. Domestic Sales	42093.33	48179.00
Less : Central Excise Duty	<u>2699.97</u>	<u>5075.26</u>
	39393.36	43103.74
B. Export Sales	41026.14	49182.21
NET SALES :	<u><u>80419.50</u></u>	<u><u>92285.95</u></u>
SCHEDULE : 11 OTHER INCOME		
A. Interest (Gross)	929.13	695.91
T.D.S Rs.10.29 Lacs (PreviousYear Rs.153.88 Lacs)		
B. Miscellaneous Receipts	18.79	126.23
C. Dividend from Subsidiary (Trade Investment)	9.14	9.14
D. Dividend from Mutual Funds (Current Investment)	329.08	364.13
E. Profit on Sale of Assets	3.76	39.73
F. Sale of DEPB Licenses	1464.52	689.16
G. Income Tax Refund	0.00	0.65
H. Insurance Claim received	20.81	31.75
I. Profit on Sale of Mutual Fund Units	0.06	7.68
J. Sundry balances written back	0.35	33.05
TOTAL :	<u><u>2775.64</u></u>	<u><u>1997.43</u></u>
SCHEDULE : 12 INCREASE / (DECREASE) IN STOCK		
A. Closing Stock : Work in Process	3993.30	4051.21
Less :		
B. Opening Stock : Work in Process	4051.21	4088.51
Add : On Amalgamation	<u>0.00</u>	<u>377.82</u>
	4051.21	4466.33
TOTAL :	<u><u>(57.91)</u></u>	<u><u>(415.12)</u></u>
SCHEDULE : 13 MANUFACTURING EXPENSES		
A. RAW MATERIALS CONSUMED		
Opening Stock	2519.76	4516.56
Add : On Amalgamation	<u>0.00</u>	<u>141.64</u>
	2519.76	4658.20
Add : Purchases	<u>23078.50</u>	<u>26017.84</u>
Sub Total	25598.26	30676.04
Less : Closing Stock	<u>4294.74</u>	<u>2519.76</u>
Raw Materials Consumed	21303.52	28156.28



	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 13 MANUFACTURING EXPENSES (Contd...)		
B. STORES CONSUMED		
Opening Stock	1134.30	741.27
Add : On Amalgamation	0.00	97.75
	<u>1134.30</u>	<u>839.02</u>
Add : Purchases	10497.26	9444.74
Sub Total	11631.56	10283.76
Less : Closing Stock	<u>1674.77</u>	<u>1134.30</u>
Stores Consumed	9956.79	9149.46
C. PAYMENT TO & PROVISIONS FOR EMPLOYEES		
a) Salaries, Wages and Bonus	2500.87	2260.56
b) Contribution to Provident Fund / ESIC/ Gratuity	256.51	240.47
c) Staff Welfare Expenses	<u>48.39</u>	<u>68.89</u>
	2805.77	2569.92
D. OPERATIONAL AND OTHER EXPENSES		
a) Power and Fuel	6954.25	6424.41
b) Labour Charges	2193.16	2267.34
c) Freight Inward, Octroi, Coolies and Cartages	506.64	800.04
d) Repairs and Maintenance		
- To Buildings	57.89	75.97
- To Plant and Machineries	159.84	1153.40
- To Other Assets	<u>79.01</u>	<u>37.47</u>
	<u>296.74</u>	<u>1266.84</u>
	9950.79	10758.63
TOTAL:	<u><u>44016.87</u></u>	<u><u>50634.29</u></u>
SCHEDULE : 14 ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
1. Insurance Premium Expenses	106.23	75.08
2. Rent, Rates and Taxes	45.11	35.91
3. Freight Outward, Coolies and Cartages	2640.20	2595.58
4. Commission Expenses	266.42	533.08
5. Service Charges	2.53	5.53
6. Directors' Remuneration and Perquisites	65.26	82.11
7. Directors' Sitting Fees	2.45	1.80
8. Travelling Expenses - For Directors	10.09	5.17
- For Staff and Guests	<u>273.94</u>	<u>213.83</u>
	284.03	219.00

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 14 ADMINISTRATIVE, SELLING AND OTHER EXPENSES(Contd...)		
9. Statutory Audit Fees	9.00	5.00
10. Legal and Professional Consultancy Fees	750.48	515.04
11. Bank Commission Charges	87.37	121.90
12. Printing and Stationery Expenses	35.64	41.75
13. Postage,Telephones,Courier,Internet & E-mail	81.93	93.20
14. Sales Promotion / Gift Expenses	27.73	19.78
15. Computer Expenses	2.64	19.51
16. Vehicle Repairs and Maintenance	44.95	40.79
17. Conveyance Expenses	69.99	98.29
18. Security Expenses	102.97	87.92
19. Subscription and Membership Fees	2.74	5.25
20. Entertainment Expenses	20.52	12.73
21. Donation Expenses	27.90	12.07
22. Advertisement Expenses	19.17	15.09
23. Seminar Expenses	4.38	0.07
24. Licence Fees	4.85	4.00
25. Bad Debts	33.97	33.83
26. Product Warranty Expenses	22.27	16.36
27. Late Delivery Charges	80.48	39.70
28. Inspection Charges	10.89	5.52
29. Water Charges	16.14	20.28
30. Office Expenses	21.34	35.67
31. Electricity Expenses	9.50	40.53
32. Central Excise Duty and CVD	21.88	124.76
33. Sales tax	52.95	4.18
34. Service tax	17.11	37.46
35. Garden Expenses	10.89	3.16
36. Festival Celebration Expenses	7.82	12.05
37. Amalgamation Expenses	6.56	4.42
38. Loss on Sale of Assets	6.42	2.31
39. Loss on Sale of Mutual Fund Units	0.00	2.17
40. Loss on Exchange Rate Fluctuation	4459.64	1318.46
41. General / Miscellaneous Expenses	39.82	40.97
TOTAL:	9522.17	6382.31
SCHEDULE : 15 INTEREST EXPENSES		
A. To Banks		
- For Cash Credit and Working Capital	45.83	58.25
- For Short Term Loan	25.46	11.90
- For Inland / Foreign Bills Discounting	3.10	13.03
- For Others	0.17	1.03
	74.56	84.21
B. To Others	1.65	0.46
TOTAL:	76.21	84.67



SCHEDULE :16 SIGNIFICANT ACCOUNTING POLICIES:

1) Basis of Accounting :

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

2) Use of Estimates:

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

3) Revenue Recognition :

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

Export Benefits (Pass Book Credit) are accounted / recognized as and when utilized by the Company. Dividend on Financial Instruments are recognized as and when realized. Interest on deposits is recognized on accrual basis.

4) Fixed Assets :

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

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

Capital work in progress includes cost of assets at sites, construction expenditure and advances made for acquisition of capital assets.

5) Depreciation :

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

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

Goodwill is amortized over a period of 5 years.

6) Impairment of Assets:

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

7) Investments :

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

8) Inventories :

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

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

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

9) Employee Benefit :**(a) Short Term**

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

(b) Long Term

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

(c) Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

(d) Defined Benefit Plans

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

(e) Other Employee Benefit

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

10) Central Excise Duty :

Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.

11) Foreign Currency Transactions :

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



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

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

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

12) Borrowing Cost :

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

13) Earning per Share :

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

14) Provisions and Contingencies :

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

15) Product Warranty Expenses :

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

16) Taxation on Income :

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

17) Cash Flow Statement :

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

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

SCHEDULE - 17 NOTES TO ACCOUNTS
1. Details of utilization of funds received on Qualified Institutions Placement (QIP) Money:

On 19th December 2006, consequent to Qualified Institutions Placement (QIP), the Company issued and allotted 1020408 Equity Shares of Rs.10/- each at a premium of Rs.1215/- per share through Qualified Institutions Placement under Chapter XIII-A of SEBI (Disclosure & Investor Protection) Guidelines 2000 to Qualified Institutional Buyers (QIB).

The details of money raised and utilized is as under

(Rs. in Lacs)

Particulars	Amount
Money Raised	12500.00
Income earned on Unutilised Money	1937.60
Total	14437.60
Amount Utilised for Capital Expenditure and General Corporate purposes.	7673.66
Amount Unutilised	6763.94

The unutilized money has been temporarily invested in Mutual Funds and Fixed Deposit receipts with banks.

- The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.
- As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

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

(Rs. in Lacs)

	2009-10
Employer's Contribution to Provident Fund	139.93

Defined Benefit Plan:

The Employees' Gratuity Fund Scheme managed by a Trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as Gratuity.

i. Reconciliation of opening and closing balances of Defined Benefit obligation:

(Rs. in Lacs)

	2009-10	2008-09	2009-10	2008-09
	Gratuity		Leave Encashment	
Defined Benefit obligation at beginning of the year	509.98	403.42	177.88	133.89
Current Service Cost	45.97	41.41	24.80	21.62
Interest Cost	42.08	32.02	12.89	10.65
Actuarial (gain) / loss	7.08	51.59	40.16	33.31
Benefits paid	(5.80)	(18.46)	(20.03)	(21.59)
Defined Benefit obligation at year end	599.31	509.98	235.70	177.88



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

(Rs. in Lacs)

	2009-10	2008-09
	Gratuity	
Fair value of plan assets at beginning of the year	495.89	413.76
Expected return on plan assets	45.08	37.94
Actuarial gain / (loss)	(15.04)	(13.28)
Employer contribution	74.76	75.93
Benefits paid	(5.80)	(18.46)
Fair Value of plan assets at year end	594.89	495.89
Actual return on Plan Assets	30.04	24.66

iii. Reconciliation of fair value of assets and obligations:

(Rs. in Lacs)

	2009-10	2008-09	2009-10	2008-09
	Gratuity		Leave Encashment	
Fair value of plan assets	594.89	495.89	0.00	0.00
Present value of obligation	599.31	509.98	235.71	177.88
Amount recognized in Balance Sheet	4.42	14.09	235.71	177.88

iv. Expense recognized during the year

(Rs. in Lacs)

	2009-10	2008-09	2009-10	2008-09
	Gratuity		Leave Encashment	
Current Service Cost	45.97	41.41	24.80	21.62
Interest Cost	42.07	32.02	12.89	10.65
Expected return on plan assets	(45.08)	(37.94)	0.00	0.00
Actuarial (gain) / loss	22.12	58.33	36.68	33.31
Net cost	65.08	93.82	74.37	65.58

v. Investment Details:

	2009-10	2008-09
	Gratuity	
GOI Securities	18.00%	11.08%
Public Securities	40.00%	42.13%
Special Deposit Schemes	NIL	10.30%
State Govt. Securities	11.00%	7.70%
Private Sector Securities	NIL	NIL
Insurance Policies	31.00%	15.99%
Others	NIL	12.80%

vi. Actuarial assumptions:

	2009-10	2008-09	2009-10	2008-09
	Gratuity		Leave Encashment	
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Discount rate	8.25%	8.00%	8.25%	8.00%
Expected rate of return	8.50%	8.50%	NIL	NIL
Rate of escalation in salary	7.00%	7.00%	7.00%	7.00%

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

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

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

Information about Secondary Geographical Segments:

(Rs. in Lacs)

Particulars	Year ended 31 st March 2010
Revenue by Geographical Segment	
India	42169.00
Outside India	41026.14
Addition to Fixed Assets and Intangible Assets	
India	2251.06
Outside India	NIL
Carrying amount of Fixed Assets (Net)	
India	21517.53
Outside India	NIL

Notes:

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

(Rs. in Lacs)

Sales	80419.50
Other income	2775.64



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

(i) Subsidiaries :	(ii) Relatives of Key Management Personnel:
1. Welcast Steels Limited 2. Vega Industries (Middle East) FZE, U.A.E. 3. Vega Industries Ltd., U.K. 4. Vega Industries Ltd., U.S.A. 5. Vega Steel Industries (RSA) PTY Ltd.	1. Hotel Gulmarg 2. L.D.M. X-ray Clinic 3. K. M. Shah Nursing Home 4. Mrs. Giraben K. Shah 5. Mrs. Gitaben B. Shah 6. AB Tradelink Pvt. Ltd. 7. Powertec Engineering Pvt. Ltd.
(iii) Key Management Personnel :	
1. Mr. Bhadresh K. Shah (Managing Director) 2. Dr. S. Srikumar (Director)	

Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March 2010:

(Rs. in Lacs)

Sr. No	Nature of Transaction	Subsidiaries	Relatives of Key Management Personnel	Key Management Personnel
1	Sales of Goods	40540.07	NIL	NIL
2	Sales of Raw Materials	129.37	NIL	NIL
3	Sales of Stores and Spares	2.36	NIL	NIL
4	Sales of Capital Goods	79.53	NIL	NIL
5	Sale of Ball Sorting Machine	38.73	NIL	NIL
6	Purchase of Goods	10833.62	NIL	NIL
7	Purchase of Raw Materials	22.04	NIL	NIL
8	Purchase of Stores and Spares	1703.46	NIL	NIL
9	Recovery of Travelling Expenses	56.64	NIL	NIL
10	Commission paid on Purchases	NIL	12.92	NIL
11	Commission paid on Sales	NIL	25.17	NIL
12	Retainership Fees paid	NIL	18.05	NIL
13	Salary, Bonus & Perquisites	NIL	1.44	NIL
14	Rent, Rates & Taxes paid	NIL	5.64	NIL
15	Repairs & Maintenance of Equipments	NIL	8.74	NIL
16	Travelling Expenses	0.09	5.33	NIL
17	Dividend received	9.14	NIL	NIL
18	Directors' Remuneration and perquisites (includes Rs.2.00 Lacs paid to the Directors of erstwhile Reclamation Welding Ltd)	NIL	NIL	65.26
	GRAND TOTAL	53415.05	77.29	65.26
	Balance Outstanding at the year end (Receivable)	7239.42	NIL	NIL
	Balance Outstanding at the year end (Payable)	NIL	2.25	NIL

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

(Rs. in Lacs)

Sr. No.	Description	Related Parties	Amount
1	Sales of Goods	Vega Industries (Middle East) FZE	37189.19
		Vega Industries Limited, USA	472.04
		Vega Industries Limited, U.K.	2831.26
2	Sales of Stores & Spares	Welcast Steels Limited	2.36
	Sales of Raw Materials	Welcast Steels Limited	129.37
3	Sales of Capital Goods	Welcast Steels Limited	79.53
4	Sale of Ball Sorting Machine	Vega Industries (Middle East) FZE	38.73
5	Purchase of Goods	Welcast Steels Limited	10833.62
6	Purchase of Raw Materials	Vega Industries (Middle East) FZE	22.04
7	Purchase of Stores	Vega Industries Limited, USA	1703.46
8	Commission paid on Purchase	AB Tradelink Pvt. Ltd.	12.92
9	Commission paid on Sales	Powertec Engineering Pvt. Ltd.	25.17
10	Retainership Fees paid	Powertec Engineering Pvt. Ltd.	18.05
11	Salary, Bonus, Perquisites	Gita B. Shah	1.44
12	Rent Rates and Taxes	Gita B. Shah	3.00
		Giraben K. Shah	1.44
13	Repairs & Maintenance of Equipments	Powertec Engineering Pvt. Ltd.	8.74
14	Travelling Expenses	AB Tradelink Pvt. Ltd.	5.33
15	Dividend received	Welcast Steels Ltd.	9.14
16	Director's Remuneration	Bhadresh K. Shah	60.00
17	Director's Perquisites	Bhadresh K. Shah	3.26

6. Earnings per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

		2009-2010	2008-2009
Profit attributable to the Equity Shareholders (Rs. in Lacs)	A	12256.19	13345.78
Basic / Weighted average number of Equity Shares outstanding during the period	B	94320370	94320370
Nominal value of Equity Shares (Rs.)		2	2
Basic/Diluted Earnings per Share (Rs.)	A/B	12.99	14.15

**7. Deferred Tax Liability comprises of timing differences on account of :**

(Rs. in Lacs)

	As at 31 st March, 2010	As at 31 st March, 2009
Depreciation	1420.14	1145.74
Leave Encashment	(80.12)	(61.40)
Gratuity	NIL	(2.77)
Others	(2.69)	NIL
Total	1337.33	1081.57

8. Contingent Liabilities not provided for in Accounts :

(Rs. in Lacs)

	As at 31 st March, 2010	As at 31 st March, 2009
a Bank Guarantees Outstanding	3114.85	3133.44
b Corporate Guarantees Outstanding to Customers	1060.76	4564.74
c Guarantees given by the Company on behalf of Subsidiaries	1338.70	821.52
d Letters of Credit	NIL	265.66
e Estimated amount of unexecuted Capital Contracts (Net of Advances) not provided for	350.28	0.00
f Claims against the Company / Disputed Liabilities not acknowledged as Debts		
i) Central Excise & Service Tax	1180.49	901.74
ii) Income Tax	171.34	171.34
iii) Sales Tax / Central Sales Tax	147.10	110.24
iv) E.S.I.C.	1.16	1.16
Total	7364.68	9969.84

9. Derivative Instruments :

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

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31-3-2010 are as under:

Currency	Exposure to Buy/Sell	No. of contracts	As at the year end	
			Rs. in Lacs	Foreign currency
US Dollar (Previous year)	Sell	5 (5)	38190.50 (67655.64)	85000000 (133000000)
Euro (Previous year)	Sell	2 (4)	4249.70 (17218.82)	7000000 (25500000)

The notional marked-to-market loss on these unexpired contracts as on 31-3-2010 amounting to Rs.2537.78 Lacs has not been considered in the Financial Statements. The actual gain / loss could vary and be determined only on settlement of the contracts on their respective due dates.

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

	As at 31 st March, 2010	As at 31 st March, 2009
Payables against import of goods and services		
Rupees in Lacs	169.28	696.42
US Dollar	369490	1376898
Euro	668	9065
Advance payment to suppliers and for Expenses		
Rupees in Lacs	52.08	48.83
US Dollar	81388	90277
Swiss Francs	15000	NIL
Euro	10625	12200

10. Additional Information pursuant to the provisions of paragraphs 3, 4, 4-B, 4-C, 4-D & 4-E of Part -II of Schedule VI of the Companies Act, 1956. (As certified by Directors):

A) Quantitative information of Manufacturing Goods (Castings) sold:

	2009-2010		2008-2009	
	M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
Own Manufacturing	71951.159	68038.75	70311.191	71367.46
Job Conversion	24.160	12.10	158.115	99.91

B) Directors' Remuneration :

(Rs. in Lacs)

		2009-2010	2008-2009
i)	Remuneration (includes Rs. 2 Lacs paid to the Directors of erstwhile Reclamation Welding Limited) (Previous Year - Rs. 18 Lacs)	62.00	78.00
ii)	Perquisites / benefits in cash & kind (includes Rs.NIL paid to the Directors of erstwhile Reclamation Welding Limited) (Previous Year - Rs. 1.85 Lacs)	3.26	4.11
iii)	Director's Sitting Fees	2.45	1.80
Total		67.71	83.91

C) Auditors' Remuneration :

(Rs. in Lacs)

		2009-2010	2008-2009
a)	Audit Fees	9.00	5.00
b)	Tax Audit Fees	1.00	0.21
c)	For Taxation matters	2.00	0.36
d)	For Certification and other services	3.92	1.30



D) Quantitative information of Goods manufactured (Castings):

Capacity, Production etc.		2009-2010		2008-2009	
		M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
a)	Licensed Capacity		Not Applicable		Not Applicable
b)	Installed Capacity (As certified by the Management)	130000.000	-	130000.000	-
c)	Actual Production				
	Manufacturing	71339.920	-	72278.106	-
	Job Conversion	24.160	-	158.115	-

E) Quantitative information of Trading activity (Castings):

		2009-2010		2008-2009	
		M.T.	Rs.	M.T.	Rs.
a)	Opening Stock	Nil	Nil	Nil	Nil
b)	Purchases	20833.500	9011.25	26630.886	14877.79
c)	Sales	20833.500	10489.88	26630.886	18851.18
d)	Closing Stock	Nil	Nil	Nil	Nil

F) C. I. F. Value of Imports :

		2009-2010		2008-2009	
		M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
1	Raw Materials - Scrap	10754.244	738.20	7027.125	2139.02
2	Raw Materials - Ferro Alloys	4926.772	885.75	1381.174	1938.61
3	Stores	-	374.99	-	1260.61
4	Capital Goods	-	59.33	-	550.52

G) Expenditure in Foreign Currency :

(Rs. in Lacs)

		2009-2010	2008-2009
1	Travelling Expenses	53.60	55.69
2	Professional Fees	40.94	207.69
3	Subscription & Membership	2.05	NIL
4	Others	7.92	NIL
	TOTAL	104.51	263.38

H) Value of Imported and Indigenous Raw Materials, Stores & Spares consumed and percentage thereof :

		2009-2010		2008-2009	
		M.T.	Rs. in Lacs	M.T.	Rs. in Lacs
a) Raw Materials					
1	Imported - Scrap Percentage	10146.788	1698.84 7.97%	6711.618	2062.17 7.32%
2	Imported - Ferro Alloys Percentage	4495.713	1639.43 7.70%	1872.565	1959.80 6.96%
3	Indigenous - Scrap Percentage	52839.037	10751.54 50.47%	49533.525	15141.90 53.78%
4	Indigenous - Ferro Alloys Percentage	13284.587	7213.71 33.86%	12580.334	8992.41 31.94%
T O T A L		80766.125	21303.52	70698.042	28156.28
b) Stores & Spares					
1	Imported Percentage	—	1661.48 16.69%	—	957.48 10.46%
2	Indigenous Percentage	—	8295.31 83.31%	—	8191.98 89.54%
T O T A L		—	9956.79	—	9149.46

I) Remittance in Foreign Currency on account of Dividend:

Description		2009-2010	2008-2009
a)	Year to which the Final Dividend relates	2008-09	2007-08
b)	Number of Non-Resident Shareholders	One	One
c)	Number of Equity Shares held by Non-Resident Shareholders	4159400	4159400
d)	Amount Remitted (Rs. in Lacs)	79.03	58.23

J) Earning in Foreign Exchange :

	2009-2010 Rs. in Lacs	2008-2009 Rs. in Lacs
Export of Goods	41026.14	49182.21

11. During the year, the Company has implemented SAP as ERP Platform and the valuation of Inventory of Raw Materials, Stores and Spares for the year is done on the basis of Moving Weighted Average Method instead of FIFO / YTD average basis applied in the earlier years. Had the Company followed the same Previous Year Method of valuing Inventory of Raw Materials, Stores and Spares, the value of Inventory would have been less by Rs. 72.35 Lacs and consequently Profit for the year ended 31st March 2010 would have been less by Rs. 72.35 Lacs. Further, previous figures are not comparable to that extent.
12. Previous year's figures have been reworked, reclassified, regrouped and rearranged wherever necessary.



13. Additional Information pursuant to the provisions of Part-IV of Schedule VI of the Companies Act, 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

Registration No.: 015182 State Code : 04
 Balance Sheet Date : 31-03-2010

II. Capital raised during the year (Amount in Rs. Thousands) :

Public Issue : Nil Right Issue : Nil
 Bonus Issue: Nil Private Placement: Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :

Total Liabilities 7588200 Total Assets 7588200

Source of Funds

Application of Funds

Paid up Capital	188641	Fixed Assets (Net)	2151753
Reserve & Surplus	7249478	Investments	1559171
Secured Loan	NIL	Current Assets (Net)	3877276
Unsecured Loan	16348		
Deferred Tax Liabilities (Net)	133733		

IV. Performance of the Company (Amount in Rs. Thousands) :

Turnover	8313723	Total Expenditure	6450709
Profit Before Tax	1863014	Profit After Tax	1225619
Earnings per Share (In Rs.)	12.99	Dividend Rate	125%

V. Generic Names of the Three Principal Products/Services of the Company (As per Monetary Terms):

Item Code No. (ITC Code)	Product Description
(1) 73269013	(1) Grinding Media Balls & Cylpebs
(2) 7626990990	(2) Other Cast Articles of Iron or Steel.

Signature to Schedule 1 to 17

Schedules referred to herein above form an intergral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

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

1.	Name of the Subsidiary Companies	Welcast Steels Limited	Vega Industries (Middle East) F.Z.E.	Vega Industries Limited, U.K.	Vega Industries Limited, U.S.A.	Vega Steel Industries (RSA) PTY Ltd., South Africa
2.	The Financial Year of the Subsidiary Company ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
3 (a)	No. of Equity Shares held by AIA Engineering Ltd. in the Subsidiary as at the end of the Financial Year of the Subsidiary.	456881 Equity Shares of Rs.10/- each fully paid-up	32500 Shares of US\$ 10/- each fully paid-up	10000 Ordinary Shares of Pound 1 each fully paid-up	50000 Shares of US \$ 1 each fully paid-up	100 Shares of Rand 1 each
(b)	Capital and Reserves of Subsidiary at the end of the Financial Year of Subsidiary i) Capital ii) Reserves and Surplus	Rs. 63.84 Lacs Rs. 2055.24 Lacs	US \$ 3,25,000 US \$2,88,30,454	Pound 10,000 Pound 18,27,402	US \$ 50,000 US \$ 6,16,291	R 100 R (1,36,687)
(c)	Extent of interest of AIA Engineering. Ltd. in the Equity Capital of the Subsidiary at the end of the Financial Year of the Subsidiary.	71.59%	100%	100%* *By Vega Industries (Middle East) F.Z.E.	100%* * By Vega Industries Ltd. ,U.K.	100%* * By Vega Industries (Middle East) F.Z.E.
4.	The net aggregate amount of Profits of the Subsidiary so far as they concern the members of AIA Engineering Ltd.					
(a)	Not dealt with in the accounts of AIA Engineering Ltd.					
*	For the Subsidiary's Financial Year ended on 31 st March, 2010.	Rs.127.44 Lacs	US \$ 97,38,134	Pound 3,22,323	US \$ 62,264	R (1,36,687)
*	For the previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	Rs.1091.61 Lacs	US \$ 1,90,92,321	Pound 14,11,880	US \$ 4,52,993	Nil
(b)	Dealt with in the accounts of AIA Engineering Ltd.					
*	For the Subsidiary's Financial Year ended on 31 st March 2010.	Nil	Nil	Nil	Nil	Nil
*	For previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	Nil	Nil	Nil	Nil	Nil

Place : Ahmedabad
Date :29th May, 2010

RAJENDRA S. SHAH
Chairman

BHADRESHK. SHAH
Managing Director

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary



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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**TO****The Board of Directors of
AIA ENGINEERING LIMITED**

1. We have audited the attached Consolidated Balance Sheet of AIA Engineering Limited ("the Company"), and its subsidiaries (collectively referred as 'the AIA Group') as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries/consolidated financial statements of subsidiaries, whose financial statements/consolidated financial statements reflect total assets of Rs.17377.83 Lacs as at March 31, 2010, total revenue of Rs.67700.11 Lacs and net cash inflow amounting to Rs.4300.26 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 - Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules,2006.
5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements of subsidiaries and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the consolidated balance sheet, of the state of affairs of the AIA Group as at March 31, 2010
 - (ii) in the case of consolidated profit and loss account, of the profit for the year ended on that date; and
 - (iii) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date.
 - (iv) Without qualifying our opinion, we draw attention to;
 - a) Note 8 (a) of schedule 19 regarding derivatives contracts entered into by AIA Group to hedge foreign currency risk. The notional marked-to market loss on these unexpired contracts as on 31-03-2010 amounting to Rs.2537.78 Lacs has not been considered in the financial statements.
 - b) Note 9 of Schedule 19 regarding valuation of inventory of raw materials, stores and spares. During the year, AIA Group has implemented SAP as ERP Platform and the valuation of inventory of raw materials, stores and spares for the year is done on the basis of Moving Weighted Average Method instead of FIFO / YTD average basis applied in the earlier years. Had the AIA Group followed the same Previous Year method of valuing inventory of raw materials, stores and spares, the value of inventory would have been less by Rs.68.68 Lacs and consequently Profit for the year ended 31st March 2010 would have been less by Rs.68.68 Lacs. Further, previous year figures are not comparable to that extent.

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

(ANAND SHARMA)

Partner

Membership No. 129033

Place : AHMEDABAD

Date : 29th May, 2010



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	1886.41	1879.68
(b) Share Capital Suspense		0.00	6.73
(c) Reserves and Surplus	2	<u>88322.08</u>	<u>75370.20</u>
		90208.49	77256.61
2. MINORITY INTEREST		601.98	569.67
3. LOAN FUNDS :			
(a) Secured Loans	3	656.65	4246.11
(b) Unsecured Loans	4	<u>163.48</u>	<u>169.16</u>
		820.13	4415.27
4. DEFERRED TAX LIABILITIES (NET)	5	<u>1168.66</u>	<u>995.13</u>
TOTAL :		<u><u>92799.26</u></u>	<u><u>83236.68</u></u>
APPLICATION OF FUNDS :-			
1. FIXED ASSETS :			
(a) Gross Block	6	33491.69	31269.08
(b) Less : Depreciation		<u>10337.37</u>	<u>8108.51</u>
Net Block		23154.32	23160.57
(c) Capital Work In Progress		<u>1119.96</u>	<u>667.94</u>
		24274.28	23828.51
2. INVESTMENTS	7	14146.09	4138.09
3. CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Interest Accrued on Investments		96.29	346.77
(b) Inventories		15318.55	13926.29
(c) Sundry Debtors		21327.96	18468.41
(d) Cash and Bank balances		20930.45	25872.95
(e) Loans and Advances		<u>33494.50</u>	<u>26700.83</u>
		91167.75	85315.25
Less : CURRENT LIABILITIES AND PROVISIONS :	9		
(a) Current Liabilities		9259.72	7645.31
(b) Provisions		<u>27529.14</u>	<u>22399.86</u>
		36788.86	30045.17
NET CURRENT ASSETS		<u>54378.89</u>	<u>55270.08</u>
TOTAL :		<u><u>92799.26</u></u>	<u><u>83236.68</u></u>

Schedules referred to herein above form an integral part of financial statements.

As per our report of even date attached.

FOR TALATI & TALATI
Chartered Accountants
ANAND SHARMA
Partner

RAJENDRA S. SHAH
Chairman
BHUPENDRA A. SHAH
Director

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010

Schedule	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
INCOME		
Gross Sales	98680.09	108558.96
Less: Central Excise Duty	3709.95	6229.86
Net Sales	94970.14	102329.10
Other Income	3224.16	2184.34
Increase/(Decrease) in Stock	(764.59)	1522.87
TOTAL:	97429.71	106036.31
EXPENDITURE		
Trading Purchases	3997.26	2424.14
Raw material & Stores Consumption	39891.22	48576.28
Manufacturing Expenses	12276.69	13867.44
Employees emoluments	4333.23	4105.53
Administrative and other Expenses	5795.75	5049.38
Selling & Distribution Expenses	5024.04	5157.13
Interest Expenses	139.84	207.26
Depreciation	2270.87	2025.19
TOTAL:	73728.90	81412.35
Excess Provision written back (Depreciation)	23700.81	24623.96
	0.00	309.14
PROFIT BEFORE TAXES	23700.81	24933.10
PROVISION FOR TAXES		
a) Current Tax	6308.78	7039.32
b) Deferred Tax	267.99	419.99
c) Income tax adjustment of earlier years	13.79	23.86
d) Fringe Benefits Tax	0.00	35.00
TOTAL TAX (a+b+c+d)	6590.56	7518.17
PROFIT AFTER TAXES	17110.25	17414.93
LESS : MINORITY INTEREST	36.20	69.45
PROFIT AFTER MINORITY INTEREST	17074.05	17345.48
Less: Prior period Adjustment	(0.19)	1.30
Profit after adjustment	17074.24	17344.18
Add: Surplus Brought from Previous Year	42506.75	27139.19
Profit available for Appropriations	59580.99	44483.37
Appropriations:		
Interim Dividend	754.56	563.90
Proposed Final Dividend on Equity Shares	1616.21	1804.85
Corporate Tax on Dividend on Equity Shares	395.15	402.57
Transferred to General Reserve	1250.62	1359.58
Total Appropriations	4016.54	4130.90
Balance carried to Balance Sheet	55564.45	40352.47
Basic and diluted earning per Share (Rs.) (Refer Note No.6 of Schedule 19.)	18.10	18.39
Significant accounting policies	18	
Notes on Accounts	19	

Schedules referred to herein above form an integral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010



CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
CASH FLOW FROM OPERATING ACTIVITIES:		
A. NET PROFIT BEFORE TAX	23,700.81	24,933.10
Add / (Less) : Adjustments for		
Depreciation	2,270.87	2,025.19
Excess Depreciation Written Back	0.00	(309.14)
Effect of Exchange Rate Change	(1,424.37)	1,344.67
Interest and Finance Charges	139.84	207.26
Interest Income	(1,175.02)	(724.65)
Profit on Sale of Assets	(3.76)	(40.77)
Dividend on Shares	(9.14)	(9.14)
Dividend on Mutual Fund	(329.08)	(364.13)
Profit on Sale of Investments	(0.07)	(7.68)
Loss on Sale of Assets	6.42	2.31
Loss on Sale of Mutual Fund Units	0.00	2.17
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	23,176.50	27,059.19
(Increase) / Decrease in Current Assets		
Trade and other Receivables	(4,170.74)	(2,305.73)
Inventories	(1,392.26)	(327.27)
Trade payables	1,238.45	1,701.17
CASH GENERATED FROM OPERATION	18,851.95	26,127.36
Direct Taxes paid	(5,820.86)	(6629.24)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	13,031.09	19,498.12
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	1,175.02	724.65
Dividend Received	338.22	373.27
Purchase of Fixed Assets	(2,779.30)	(4,248.88)
Purchase of Investments	(10,830.52)	(4,138.03)
Sale of Fixed Assets	29.77	236.32
Sale of Investments	822.59	9,475.37
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(11,244.22)	2,422.70
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Proceed for Secured Borrowings	(3,589.46)	3,058.76
Payment for other Borrowing	(5.68)	(3.47)
Interest and Finance Charges paid	(139.84)	(207.26)
Final and Interim Dividend paid including Tax	(2,994.39)	(1,554.31)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(6,729.37)	1,293.72
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,942.50)	23,214.54
Cash and Cash Equivalents as at 1st April	25,872.95	2,658.41
Cash and Cash Equivalents as at 31st March	20,930.45	25,872.95
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,942.50)	23,214.54

Note : Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts Rs.6.00 lacs (Previous Year Rs.3.77 lacs) which are not available for the use by the Company.

Schedules referred to herein above form an integral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

SCHEDULES 1 TO 9 FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 1 SHARE CAPITAL		
AUTHORISED :		
230000000 Equity Shares of Rs.2/- each (Previous Year 230000000 Equity Shares of Rs.2/-each) Face Value of Rs.10/- splitted into Face Value of Rs.2/- each w.e.f. 21st October, 2008	4600.00	4600.00
TOTAL :	<u>4600.00</u>	<u>4600.00</u>
ISSUED, SUBSCRIBED & PAID UP :		
94320370 Equity Shares of Rs.2/-each fully paid up (Previous Year 93983940 Equity Shares of Rs. 2/- each fully paid up) Out of the above 336430 Equity Shares (Previous year Nil) of Rs.2/- each fully paid-up have been issued to the shareholders of the Amalgamated company i.e. Reclamation Welding Ltd. pursuant to the scheme of Amalgamation with the Company. 52305520 Equity shares (Previous year 52305520) have been issued as fully paid -up Bonus Shares by way of capitalisation of Securities Premium Account.	1886.41	1879.68
TOTAL :	<u>1886.41</u>	<u>1879.68</u>
SCHEDULE : 2 RESERVES AND SURPLUS		
A. Capital Redemption Reserve	1925.74	1925.74
B. Securities Premium	26627.31	26627.32
C. General Reserve	3832.79	2699.13
Add : Transferred from Profit and Loss Account	1250.62	1359.58
Less: On Amalgamation	0.00	225.92
	5083.41	3832.79
D. Revaluation Reserve	14.04	20.13
Add : Excess Withdrawn in earlier years.	3.23	0.00
Less: Withdrawals on account of Depreciation	2.04	6.10
	15.23	14.03
E. Profit and Loss Account		
Profit as per Profit and Loss Account	55697.47	40526.65
Add: On Amalgamation	0.00	1980.10
	55697.47	42506.75
F. Foreign Currency Translation / Fluctuation Reserve	(346.43)	1119.82
	89,002.73	76026.45
Less: Adjustment on Account of Consolidation	680.65	656.25
TOTAL :	<u>88322.08</u>	<u>75370.20</u>



	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 3 SECURED LOANS		
A. TERM LOAN :		
From Banks	95.37	172.56
B. WORKING CAPITAL FACILITIES :		
From Banks	561.28	4073.55
TOTAL :	656.65	4246.11
SCHEDULE : 4 UNSECURED LOANS		
From State Government	163.48	169.16
Deferred Sales Tax under Package Scheme of Incentives 1993 of Government of Maharashtra		
TOTAL :	163.48	169.16
SCHEDULE : 5 DEFERRED TAX LIABILITIES (NET)		
A. DEFERRED TAX LIABILITIES :		
Arising on account of timing difference	1337.34	1081.57
Less :		
B. DEFERRED TAX ASSETS :		
Arising on account of timing difference	168.68	86.44
TOTAL: (A - B)	1168.66	995.13

SCHEDULE : 6 FIXED ASSETS

(Rs. in Lacs)

Sr.	Name of the Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 01.04.2009	Addition	Sales/ Adjust-ments	As at 31.03.2010	As at 01.04.2009	Written Back During the Year	For the Year	Net Adjust-ment	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
A	INTANGIBLE ASSETS :											
1	GOODWILL	1469.29	0.00	47.77	1421.52	45.53	0.00	4.30	21.11	28.72	1392.80	1423.76
2	PATENTS AND COPYRIGHTS	2.44	0.00	0.00	2.44	0.71	0.00	0.12	0.00	0.83	1.61	1.73
	SUB TOTAL (A) :	1471.73	0.00	47.77	1423.96	46.24	0.00	4.42	21.11	29.55	1394.41	1425.49
B	TANGIBLE ASSETS :											
1	LEASEHOLD LAND	6.67	0.00	0.00	6.67	0.00	0.00	0.00	0.00	0.00	6.67	6.67
2	FREEHOLD LAND	1201.09	3.37	0.00	1204.46	0.00	0.00	0.00	0.00	0.00	1204.46	1201.09
3	BUILDINGS	8386.01	823.99	0.00	9210.00	898.87	0.00	306.93	0.00	1205.80	8004.20	7487.14
4	PLANT AND MACHINERIES	17022.28	1210.69	(13.16)	18246.13	6204.44	0.00	1639.96	2.89	7841.51	10404.62	10817.84
5	ELECTRICAL INSTALLATIONS	1208.16	1.25	0.00	1209.41	179.84	0.00	127.21	0.00	307.05	902.36	1028.32
6	FURNITURE AND FIXTURES	748.70	84.68	14.92	818.46	242.86	0.00	51.00	(0.56)	294.42	524.04	505.84
7	OFFICE EQUIPMENTS	98.03	3.13	(0.64)	101.80	73.62	0.00	11.42	6.00	79.04	22.76	24.41
8	VEHICLES	488.46	80.22	40.65	528.03	156.97	0.00	50.02	2.12	204.87	323.16	331.49
9	LABORATORY EQUIPMENTS	303.24	23.53	0.00	326.77	141.46	0.00	27.25	0.00	168.71	158.06	161.78
10	COMPUTERS	334.71	35.37	15.14	354.94	164.21	0.00	44.42	10.45	198.18	156.76	170.50
11	SOFTWARE	0.00	61.06	0.00	61.06	0.00	0.00	8.24	0.00	8.24	52.82	0.00
	SUB TOTAL (B) :	29797.35	2327.29	56.91	32067.73	8062.27	0.00	2266.45	20.90	10307.82	21759.91	21735.08
	TOTAL (A+B)	31269.08	2327.29	104.68	33491.69	8108.51	0.00	2270.87	42.01	10337.37	23154.32	23160.57
C	CAPITAL WORK IN PROGRESS	667.94	1119.96	667.94	1119.96	0.00	0.00	0.00	0.00	0.00	1119.96	667.94
	GRAND TOTAL (A+B+C)	31937.02	3447.25	772.62	34611.65	8108.51	0.00	2270.87	42.01	10337.37	24274.28	23828.51
	PREVIOUS YEAR 2008-09	22168.86	9389.46	289.24	31269.08	4754.63	309.15	3754.41	91.38	8108.51	23160.57	17414.23





	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 7 INVESTMENTS (AT COST)		
INVESTMENT IN OTHER COMPANIES :		
25 Equity Shares of Koramangla Properties Pvt. Ltd. of Rs.100/-each fully paid up (Previous year 25 Equity Shares)	0.03	0.03
INVESTMENT IN GOVERNMENT SECURITIES :		
National Savings Certificates	0.10	0.04
CURRENT INVESTMENT IN MUTUAL FUND UNITS:(UNQUOTED)	<u>14145.96</u>	<u>4138.02</u>
TOTAL :	<u><u>14146.09</u></u>	<u><u>4138.09</u></u>
SCHEDULE : 8 CURRENT ASSETS , LOANS AND ADVANCES		
CURRENT ASSETS :		
A. INTEREST ACCRUED ON INVESTMENTS	96.29	346.77
B. INVENTORIES		
(As taken, valued & certified by the Management) (At Lower of Cost or Net Realisable Value)		
Stores & Spares (Incl. Stock in transit Rs. 228.65 Lacs Previous Year Rs. 350.10 Lacs)	2026.04	1436.14
Raw Materials (Incl. Stock in Transit Rs. 894.80 Lacs Previous Year Rs. 465.49 Lacs)	5030.02	3038.07
Work-in Process	4306.76	4789.48
Finished Goods	3948.13	4655.00
DEPB Licence on hand	<u>7.60</u>	<u>7.60</u>
	15318.55	13926.29
C. SUNDRY DEBTORS		
(Unsecured, Considered Good)		
a) Debts outstanding for a period exceeding six months	600.54	1049.03
b) Others	<u>20727.42</u>	<u>17419.38</u>
	21327.96	18468.41
D. CASH AND BANK BALANCES		
a) Cash on hand	8.02	8.08
b) Balance with Scheduled Banks		
i) In Fixed Deposit	6846.89	16096.38
ii) In Current Accounts (Including Cheques on hand Rs. NIL(Previous Year Rs.56.42 Lacs)	13966.57	9734.50
iii) In Current Accounts-Unutilized money of QIP	<u>108.97</u>	<u>33.99</u>
	20930.45	25872.95
LOANS & ADVANCES :		
(Unsecured , Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received	3832.12	1412.71
b) Inter Corporate Deposits	0.00	627.57
c) Sundry Deposits and Advances	2164.60	1747.03
d) Loans and Advances to Staff	229.47	97.36
e) Balance with Government Authorities	2849.13	3628.98
f) Advance Income Tax & Tax Deducted at Source	<u>24419.18</u>	<u>19187.18</u>
	33494.50	26700.83
TOTAL :	<u><u>91167.75</u></u>	<u><u>85315.25</u></u>

	As at 31 st March, 2010 Rs. in Lacs	As at 31 st March, 2009 Rs. in Lacs
SCHEDULE : 9 CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES :		
a) Sundry Creditors	2234.48	5213.52
b) Other Liabilities	5467.77	1492.01
c) Statutory Liabilities	145.89	189.00
d) Unclaimed Dividend	6.00	3.76
e) Advances from Customers	<u>1405.58</u>	<u>747.02</u>
	9259.72	7645.31
PROVISIONS :		
a) Provision for Taxation	24772.63	19038.92
b) Proposed Dividend	1616.21	1804.85
c) Tax on Dividend	266.91	306.74
d) Provision for Expenses	591.02	983.55
e) Provision for Product Warranties	21.20	64.52
f) Provision for Leave Encashment	<u>261.17</u>	<u>201.28</u>
	27529.14	22399.86
TOTAL :	<u><u>36788.86</u></u>	<u><u>30045.17</u></u>

SCHEDULES 10 TO 17 FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2010

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 10 SALES		
a) Sales In India	46578.40	50422.16
Less: Excise Duty:	3709.95	6229.86
Net Sales	<u>42868.45</u>	<u>44192.30</u>
b) Sales Outside India	<u>52101.69</u>	<u>58136.80</u>
TOTAL :	<u><u>94970.14</u></u>	<u><u>102329.10</u></u>
SCHEDULE : 11 OTHER INCOME		
a) Interest (Gross)	1175.02	724.65
b) Miscellaneous Receipts	64.18	180.78
c) Dividend from Mutual Funds	329.08	364.13
d) Dividend from Subsidiary	9.14	9.14
e) Profit on Sale of Assets	3.76	40.77
f) Sale of DEPB Licenses	1464.52	689.16
g) Income tax Refund	0.00	0.66
h) Profit on sale of Mutual Fund Units	0.07	7.68
i) Exchange Rate Fluctuation difference	0.00	0.07
j) Sundry Balances written Back	157.58	135.56
k) Insurance claim Received	<u>20.81</u>	<u>31.74</u>
TOTAL :	<u><u>3224.16</u></u>	<u><u>2184.34</u></u>



	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 12 INCREASE/(DECREASE) IN STOCK		
A. Closing Stock : Work In Process	4306.76	4789.48
: Finished Goods	<u>4137.58</u>	<u>4244.83</u>
	8444.34	9034.31
Less :		
B. Opening Stock : Work In Process	4789.48	4780.29
: Finished Goods	<u>4419.45</u>	<u>2731.15</u>
	9208.93	7511.44
TOTAL :	<u><u>(764.59)</u></u>	<u><u>1522.87</u></u>
SCHEDULE : 13 MANUFACTURING EXPENSES		
A. RAW MATERIALS CONSUMED		
Opening Stock	3038.06	5405.96
Add : Purchases	<u>32682.71</u>	<u>37073.78</u>
Sub Total	35720.77	42479.74
Less : Closing Stock	<u>5030.02</u>	<u>3038.07</u>
Raw Materials Consumed	30690.75	39441.67
B. STORES CONSUMED		
Opening Stock	1436.14	1053.02
Add : Purchases	<u>9790.37</u>	<u>9517.73</u>
Sub Total	11226.51	10570.75
Less : Closing Stock	<u>2026.04</u>	<u>1436.14</u>
Stores Consumed	9200.47	9134.61
C. TRADING PURCHASES		
	3997.26	2424.14
Sub Total	<u>43888.48</u>	<u>51000.42</u>
OTHER MANUFACTURING EXPENSES		
a) Power and Fuel	8915.28	8514.38
b) Labour Charges	2449.14	2607.78
c) Freight Inward, Octroi and Coolies, Cartages	506.64	800.04
d) Other manufacturing Expenses	<u>18.92</u>	<u>166.35</u>
	11889.98	12088.55
e) Repairs and Maintenance		
- To Plant and Machineries	228.68	1639.76
- To Buildings	74.63	96.15
- To Other Assets	<u>83.40</u>	<u>42.98</u>
	386.71	1778.89
TOTAL :	<u><u>56165.17</u></u>	<u><u>64867.86</u></u>

	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 14 EMPLOYEES EMOLUMENTS		
a) Salaries, Wages and Bonus	3943.77	3626.39
b) Contribution to Provident Fund /ESIC/ Gratuity	299.88	355.10
c) Staff Welfare Expenses	89.58	124.04
TOTAL:	4333.23	4105.53
SCHEDULE : 15 ADMINISTRATIVE AND OTHER EXPENSES		
1. Insurance Premium Expenses	144.76	107.61
2. Rent, Rates and Taxes	131.99	103.61
3. Service Charges	2.53	5.53
4. Directors' Remuneration and Perquisites	131.90	287.88
5. Directors' Sitting Fees	3.35	2.70
6. Traveling Expenses -Others	14.67	18.54
7. Statutory Audit Fees	27.43	24.02
8. Legal and Professional Consultancy Fees	1060.38	1307.10
9. Bank Commission & Bank Charges	189.52	222.87
10. Printing and Stationery Expenses	49.11	55.15
11. Postage,Telephones,Courier,Internet & E-mail Expenses	203.44	200.47
12. Computer Expenses	16.24	20.26
13. Vehicle Repairs and Maintenance	51.34	42.58
14. Conveyance Expenses	70.09	98.29
15. Security Expenses	115.67	87.92
16. Subscription and Membership Fees	3.63	5.31
17. License Fees	4.85	0.00
18. Donation Expenses	27.90	12.07
19. Advertisement Expenses	20.38	16.91
20. Bad Debts	49.84	48.49
21. Recruitment and Training Expenses	0.00	1.76
22. Entertainment Expenses	22.87	0.00
23. Water Charges	16.14	20.28
24. Electricity Expenses	9.50	42.36
25. Sales tax	52.95	4.17
26. Service tax	17.11	38.02
27. Loss on Sale of Assets	6.42	2.31
28. Loss on Sale of Mutual fund Units	0.00	2.17
29. Loss on Exchange Rate Fluctuation	3189.52	2101.66
30. Amalgamation Expenses	6.56	4.42
31. General / Miscellaneous Expenses	155.66	164.92
TOTAL:	5795.75	5049.38



	Year ended 31 st March, 2010 Rs. in Lacs	Year ended 31 st March, 2009 Rs. in Lacs
SCHEDULE : 16 SELLING & DISTRIBUTION EXPENSES		
a) Freight Outward and Coolies-Cartages	3014.72	3052.65
b) Commission Expenses	1017.36	1155.66
c) Travelling Expenses - Directors	10.09	5.16
- Staff and Others	771.73	702.28
d) Sales Promotion Expenses	81.52	53.87
e) Other sales Expenses	3.99	6.69
f) Warranty and LDP Expenses	102.75	56.06
g) Central Excise Duty	21.88	124.76
TOTAL :	5024.04	5157.13
SCHEDULE : 17 INTEREST EXPENSES		
A. To Banks		
- For Cash Credit	1.22	58.24
- For Export Packing Credit Loan	93.19	88.06
- For Term Loan	40.52	35.72
- For Inland / Foreign Bills Discounting	3.09	13.03
- For Others	0.17	1.03
	138.19	196.08
B. To Others	1.65	11.18
TOTAL :	139.84	207.26

SCHEDULE 18
SIGNIFICANT ACCOUNTING POLICIES:
1) Principles of consolidation:

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

Name of Subsidiary	Country of Incorporation	Shareholding as at 31-03-2010	Shareholding as at 31-03-2009
Welcast Steels Limited	India	71.59%	71.59%
Vega Industries (Middle East) F.Z.E.	U.A.E.	100%	100%
Vega Industries Limited	U.K.	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Vega Industries Limited	U.S.A.	100% by Vega Industries Limited, U.K	100% by Vega Industries Limited, U.K
Vega Steel Industries (R.S.A.) (Proprietary) Limited	South Africa	100% by Vega Industries (Middle East) F.Z.E.	N.A.



3) Basis of Accounting:

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

4) Use of Estimates:

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

5) Revenue Recognition:

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

Export Benefits (Pass Book Credit) are accounted / recognized as and when utilized by the Company except in Welcast Steels Limited where in Export benefits are accounted on Accrual basis.

Dividends on Financial Instruments are recognized as and when realized. Interest on deposits is recognized on accrual basis.

6) Fixed Assets:

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

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

Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets.

7) Impairment of Assets:

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

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

8) Inventories:

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

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

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

9) Depreciation:

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

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

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

10) Central Excise Duty:

Central Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.

11) Foreign Currency Transactions:

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

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

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

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

12) Investments:

- i) Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.
- ii) Investment in shares of foreign Subsidiary Company is expressed in Indian Currency at the rates of exchange prevailing at the time when the investment was made.

13) Borrowing Cost:

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



14) Earning per Share:

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

15) Provisions and Contingencies:

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

16) Product Warranty Expenses:

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

17) Lease:

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vests with the Lessor, are recognized as operating lease. Lease rentals under operating lease are recognized in the profit and loss account.

18) Taxation on Income:

(1) The Company and other Indian subsidiaries:

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

(2) Foreign Companies:

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

19) Cash Flow Statement:

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

SCHEDULE 19
NOTES ON ACCOUNTS:
1. Details of utilization of funds received on Qualified Institutions Placement (QIP) Money:

On 19th December 2006, consequent to Qualified Institutions Placement (QIP), the Company issued and allotted 1020408 Equity Shares of Rs.10/- each at a premium of Rs.1215/- per share through Qualified Institutions Placement under Chapter XIII-A of SEBI (Disclosure & Investor Protection) Guidelines 2000 to Qualified Institutional Buyers (QIB).

The details of money raised and utilized is as under :

(Rs. in Lacs)	
Particulars	Amount
Money Raised	12500.00
Income on Unutilised Money	1937.60
Total	14437.60
Amount Utilised for Capital Expenditure and General Corporate purposes.	7673.66
Amount Unutilised	6763.94

The unutilized money has been temporarily invested in Mutual Funds and Fixed Deposit receipts with banks.

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

Information about Secondary Geographical Segments:

(Rs.in Lacs)	
Particulars	Year ended 31 st March 2010
Revenue by Geographical Segment	
India	46092.61
Outside India	52101.69
Addition to Fixed Assets and Intangible Assets	
India	2285.49
Outside India	41.80
Carrying amount of Fixed Assets	
India	22939.74
Outside India	214.58

Notes:
1) Geographical Segments considered for disclosures are as follows :

- Sales within India includes Sales to Customers located within India.
- Sales Outside India includes Sales to Customers located outside India.

2) Revenue comprises

(Rs.in Lacs)	
Sales	94970.14
Other income	3224.16



3. Vega Industries (Middle East) F.Z.E., U.A.E acquired 100% shareholding in Vega Steel Industries (RSA) (Proprietary) Limited on 28th September, 2009.
4. In case of Vega Industries (Middle East) F.Z.E., U.A.E., the revenue and expenses transactions at the year end reflected in Profit & Loss Account have been translated into Indian Rupees at an average of monthly exchange rate. The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange gain/ loss have been disclosed as “Foreign Currency Translation Reserve”.
5. **Related party disclosures under Accounting Standard 18:**

(a) Relatives of Key Management Personnel :	(b) Key Management Personnel :
1 Hotel Gulmarg	1 Mr. Bhadresh K.Shah
2 L.D.M. X-ray Clinic	2 Dr. S. Srikumar
3 K.M.Shah Nursing home	3 Mr. Pradip R. Shah
4 Mrs. Giraben K. Shah	4 Mr. Prayank R.Shah
5 Mrs. Gita B. Shah	5 Mr. Jules Spede
6 AB Tradelink Pvt.Ltd.	6 Mr.David Hurlock
7 Powertech Engineering Pvt.Ltd.	7 Mr. R.A. Gilani

Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March 2010:

Sr. No	Nature of Relationship	Relatives of Key Management Personnel Rs.in Lacs	Key Management Personnel Rs.in Lacs
1	Rent, Rates & Taxes paid	5.64	-
2	Retainership Fee paid	18.05	-
3	Commission paid	38.09	-
4	Salary, Bonus and Perquisites	1.44	-
5	Professional Charges		1.80
6	Repair & Maintenance of Equipments	8.74	-
7	Directors’ Remuneration and perquisites (Includes Rs. 2.00 Lacs paid to the Directors erstwhile Reclamation Welding Ltd.)		204.75
8	Travelling Expenses	5.33	-
	Balance Payable outstanding at the year end	2.25	-

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

(Rs. in Lacs)

Sr.No.	Description	Related Parties	Amount
1	Commission paid	AB Tradelink Pvt. Ltd.	12.92
		Powertec Engineering Pvt. Ltd.	25.17
2	Retainership Fees paid	Powertec Engineering Pvt. Ltd.	18.05
3	Profesional Fees paid	Pradip R. Shah	1.80
4	Salary, Bonus, Perquisites	Gita B. Shah	1.44
5	Rent, Rates and Taxes	Gita B. Shah	3.00
		Giraben K. Shah	1.44
6	Repairs & Maintenance of Equipments	Powertec Engineering Pvt. Ltd.	8.74
7	Director's Remuneration and Perquisites	Mr. Bhadresh K. Shah	81.77
		Mr.Paryank R. Shah	48.13
		Mr. R. A. Gilani	28.31
		Mr. David Hurlock	40.83

6. Earnings per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

		2009-2010	2008-2009
Profit attributable to the Equity Shareholders (Rs. in Lacs)	A	17074.24	17344.18
Basic / Weighted average number of Equity Shares outstanding during the period	B	94320370	94320370
Nominal value of Equity Shares (Rs.)		2	2
Basic/Diluted Earnings per Share (Rs.)	A/B	18.10	18.39

7. Contingent Liabilities not provided for in Accounts:

(Rs. in Lacs)

PARTICULARS	2009-2010	2008-2009
a) Bank Guarantees Outstanding	3500.11	3740.99
b) Guarantees outstanding to Customers	1060.76	4564.74
c) Guarantee given by the Holding Company on behalf of Subsidiaries	1338.70	821.52
d) Letters of Credit	0.00	265.67
e) Estimated amount of unexecuted Capital Contracts (Net of Advances) not provided for	350.28	0.00



(Rs. in Lacs)

Claims against the Company / Disputed Liabilities not acknowledged as Debts		
a) Excise & Service Tax	1180.48	901.74
b) Income tax	175.16	184.98
c) Sales Tax	147.10	110.24
d) Custom duty	556.37	556.37
e) E.S.I.C.	1.16	1.16
f) Interest payable to Financial Institution	7.60	0.00

8. Derivative Instruments:

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

Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives, contracts outstanding as on 31.03.2010 are as under:

Currency	Exposure to Buy/Sell	No. of contracts	As at the year end	
			Rs. in Lacs	Foreign currency
Us Dollar (Previous year)	Sell	5 (5)	38190.50 (67655.64)	85000000 (133000000)
Euro (Previous year)	Sell	2 (4)	4249.70 (17218.82)	7000000 (25500000)

The notional marked-to-market loss on these unexpired contracts as on 31-3-2010 amounting to Rs.2537.78 Lacs has not been considered in the financial statements. The actual gain / loss could vary and be determined only on settlement of the contract on their respective due dates.

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

	As at 31 st March 2010	As at 31 st March 2009
Payables against import of goods and services		
Rupees (in Lacs)	169.28	696.42
US Dollar	369490	1376898
Euro	668	9065
Advance payment to suppliers and for expenses		
Rupees (in Lacs)	52.08	48.83
US Dollar	81388	90277
Swiss Francs	15000	NIL
Euro	10625	12200

9. During the year, the Company has implemented SAP as ERP Platform and the valuation of Inventory of Raw Materials, Stores and Spares for the year is done on the basis of Moving Weighted Average Method instead of FIFO / YTD average basis applied in the earlier years. Had the Company followed the same Previous Year Method of valuing Inventory of Raw Materials, Stores and Spares, the value of Inventory would have been less by Rs.68.68 Lacs and consequently Profit for the year ended 31st March 2010 would have been less by Rs.68.68 Lacs. Further, previous figures are not comparable to that extent.
10. Previous year's figures have been reworked, reclassified, regrouped and rearranged wherever necessary.

Signature to Schedule 1 to 19

Schedules referred to herein above form an integral part of financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR TALATI & TALATI
Chartered Accountants

RAJENDRA S. SHAH
Chairman

BHADRESH K. SHAH
Managing Director

ANAND SHARMA
Partner

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

PLACE : AHMEDABAD
DATE : 29th May, 2010

PLACE : AHMEDABAD
DATE : 29th May, 2010

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

(Rs. in Lacs)

Sr. No.	Name of Subsidiary Company	Country	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1.	Welcast Steels Limited	India	INR	63.84	2055.25	5369.17	3250.08	0.04	13695.17	235.28	108.03	127.24	12.76
2.	Vega Industries (Middle East) F.Z.E.	U.A.E.	US Dollar	149.39	12951.72	20151.60	7050.49	NIL	45976.37	4595.21	NIL	4595.21	NIL
3.	Vega Industries Limited, U.K.	U.K.	Pound	6.88	1242.19	8940.86	7691.79	NIL	19020.38	339.27	95.82	243.45	NIL
4.	Vega Industries Limited, U.S.A.	U.S.A.	US Dollar	24.01	275.56	1828.27	1528.70	NIL	4846.20	41.31	11.78	29.54	NIL
5.	Vega Steel Industries (RSA) Pty Ltd.	RSA	RAND	0.01	-8.38	312.21	320.58	NIL	0.00	-8.37	0.00	-8.37	NIL

Place : Ahmedabad
Date : 29th May, 2010

RAJENDRA S. SHAH
Chairman

BHADRESHK. SHAH
Managing Director

BHUPENDRA A. SHAH
Director

S. N. JETHELIYA
Company Secretary

NOTICE

Notice is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the members of **AIA ENGINEERING LIMITED** will be held on Thursday, the 12th August 2010 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare Final Dividend on Equity Shares and to confirm the Interim Dividend for the Financial Year ended 31st March 2010.
3. To appoint a Director in place of Mr. Rajendra S. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjay S. Majmudar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the shareholders of the Company be and is hereby accorded for the appointment of Powertec Engineering Pvt. Ltd., (hereinafter referred to as "Powertec") a Company, in which a Director of the Company Dr. S. Srikumar is a Director, for holding an office or place of profit under the Company as Retainer and Service Provider on the terms and conditions set out in the Agreements to be entered into between the Company and Powertec in terms of the drafts laid on the table duly initialed by the Chairman for the purpose of identification for a period of 3 years with effect from 1st April 2011."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary and incidental thereto including to agree to such modifications / amendments or other terms and conditions as may be imposed by the Central Government or any other statutory authority in this regard and acceptable to the Company and Powertec and the decision taken by the Board shall be final and binding on all the members and other interested parties."

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

Sd/-

(S. N. Jetheliya)
Company Secretary

Place : Ahmedabad
Date : 29th May 2010

Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad - 382 410

**NOTES:**

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect to the Item No. 6 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER.**
3. The instrument of proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 31st July 2010 to 12th August 2010 (both days inclusive).
5. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
6. Payment of Dividend:
 - (a) The Bank account particulars of the members holding Shares in physical form will be printed on the dividend warrants. Hence the members are advised to intimate changes, if any in their registered address along with Pin Code and submit particulars of their bank account, viz name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 7th August 2010 directly to the Company's Registrar & Share Transfer Agents (RTA), Link Intime India Pvt. Ltd., C/13, Pannalal Silk Mills Compound, Kantilal Maganlal Ind. Estate, L.B.S. Marg, Bhandup (West), MUMBAI - 400 078 or at its Branch Office at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380009.
 - (b) Members holding Shares in demat form are advised to inform the changes, if any, to their respective Depository Participants.

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

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

7. Re-appointment of Directors:
Mr. Rajendra S. Shah and Mr. Sanjay S. Majmudar, Directors retire by rotation, and being eligible, offered themselves for re-appointment.
Pursuant to the requirements under the Listing Agreement with the Stock Exchanges relating to Corporate Governance, a statement containing brief resumes of the above Directors together with the details of shares held by them, if any, is attached hereto.

REQUEST TO THE MEMBERS

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

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

The Company has entered into a Retainership Agreement as well as a Service Agreement with Powertec Engineering Pvt. Ltd. (hereinafter referred to as "Powertec") a Company, in which a Director of the Company Dr. S. Srikumar is a Director, for a period of three years which will expire on 31st March 2011. The said Agreements have been entered prior to the appointment of Dr. S. Srikumar as a Director of the Company.

So far the business experience of the Company is very good with "Powertec". Powertec has totally proved that it can full fill the trust reposed by the Company in it. The Company has got very good business during the period of the Agreement. With regard to Service Agreement also the experience is fully satisfactory.

In view of the above, your Directors feel that it is in the interest of the Company to continue commercial arrangement with Powertec. It is therefore proposed to further renew the Agreements with Powertec for a further period of three years effective from 1st April 2011."

Pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956 relating to holding an office or place of profit by a Private Company in which a Director of the Company is also a Director, the prior approval of the Shareholders by way of a Special Resolution and approval of the Central Government are required.

The Agreements to be entered into between the Company and Powertec will be for 3 years with effect from 1st April 2011 and the drafts of the same shall be placed on the table duly initialed by the Chairman for the purpose of identification at the time of Annual General Meeting.

The copies of the above draft Agreements to be entered into are available for inspection during the business hours (between 9.30 a.m. to 1.00 p.m.) on any working day at the Registered Office of the Company upto the date of the said Annual General Meeting.

None of the Directors except Dr. S. Srikumar who is a Director and Shareholder of Powertec, is in any way concerned or interested in the said resolution.

Your Directors recommend the above Special Resolution for your approval.

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

Sd/-

(S. N. Jetheliya)
Company Secretary

Place : Ahmedabad
Date : 29th May 2010

Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad - 382 410

**ANNEXURE TO THE NOTICE**

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

Name	Mr. Rajendra S. Shah	Mr. Sanjay S. Majmudar
Date of Birth	01.02.1948	20.03.1963
Appointed on	15.03.2005	07.05.2007
Qualifications	B.E. (Mech)	B.Com, FCA & ACS
Expertise in specific functional areas	He is a Mechanical Engineer and is an Industrialist. He possesses rich and varied experience in Administration and Finance.	He is a Practicing Chartered Accountants. He has got extensive experience and expertise in the field of Corporate Laws, Direct Tax Laws, Financial Advisory Services, Debt Syndications, Project Finance, International Structures and Taxation Planning, M & A etc. He has contributed Papers and participated as Speaker on Corporate Laws in Seminars and Conferences hosted by ICAI and CA Association, Ahmedabad. He is also a regular Speaker in the SMTP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter.
Directorships held in other Public Companies	<ul style="list-style-type: none"> - Welcast Steels Limited - Harsha Engineers Limited - Transformers and Rectifiers (India) Limited - Shilp Gravures Limited 	<ul style="list-style-type: none"> - Welcast Steels Limited - Aarvee Denims & Exports Limited - Dishman Chemicals & Pharmaceuticals Limited - Carbogen Amics (India) Limited
Membership/ Chairmanships of Committees across other Public Companies	Member - 1	Chairman - 1 Member - 3
No. of Equity Shares held in the Company.	805	15120



AIA ENGINEERING LIMITED

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

ATTENDANCE SLIP

Twentieth Annual General Meeting to be held on **Thursday, the 12th August 2010 at 10.00 A.M.** at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

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

Name of Shareholder (s)

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

.....
Signature of Member (s) / Proxy

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

AIA ENGINEERING LIMITED

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

PROXY FORM

I /We of being a Member /Members of AIA Engineering Limited hereby appoint Mr..... of or failing him Mr..... of as my/our proxy to attend and vote for my / our behalf at the **Twentieth Annual General Meeting** to be held on **Thursday, the 12th August 2010 at 10.00 A.M.** at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof.

In witness where of

I /We have signed on this day of2010.

Folio No.: DPID No.....

Client ID No. : No. of Shares

AFFIX
Re. 1
REVENUE
STAMP

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

TEAR HERE

If undelivered, please return to :



AIA ENGINEERING LIMITED

Registered Office: 115, GVMM Estate, Odhav Road, AHMEDABAD – 382 410

Tel. : +91-79-22901078-81 **Fax :** +91-79-22901077

Email : snj@aiaengineering.com **Website :** www.aiaengineering.com