

21ST ANNUAL REPORT
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AIA ENGINEERING LTD.



NOTE FROM THE MANAGING DIRECTOR'S DESK



Dear Shareholders,

It gives me immense pleasure and a deep sense of gratification in addressing you specifically because of the fact that the Fiscal Year 2010-11 marks a major Milestone achieved by your Company. Your Company has started regular commercial supplies of the High Chrome consumable wear parts to the leading mines of the world. The Company today services different mineral ores like iron, copper, gold, platinum and zinc for blue chip mining customers in geographies like USA, Canada, Brazil, South Africa, Australia, etc. Your Company is already an established supplier of High Chrome wear parts to the cement industry globally.

Your Company closed the Fiscal Year 2010-11 with a growth of 25.48% in terms of tonnage and 19.72% in terms of revenue as compared to the previous year.

As we all know, in Fiscal Year 2010-11, the markets of North America and Western Europe continued to remain sluggish and flat notwithstanding some faint signs of recovery coming from these markets. However, Fiscal Year 2010-11 saw a revival in the fortunes of mining industry and this augured very well for your Company. The Company has developed certain unique solutions for iron ore, copper, gold and platinum mines and your Company has now become a regular supplier for such consumable wear parts to these leading mining groups. To my mind, that this is only the tip of the iceberg as the global mining opportunity is indeed huge – in excess of over 2 million tons per annum. Based on the ongoing development in several new mines, your Company is confident of a healthy and sustained growth in the mining segment.

Another key feature is your Company's successful penetration in the Chinese cement market. As you are aware, China is one of the major producers of cement in the world and therefore a very important market for your Company. I am very happy to inform that your Company has started supplies of specialized vertical mill parts in China and the response is very encouraging. I am of a considered view that going forward China will become another major market for your Company.

At AIAE constant research, development and innovation is an area of prime focus and this has helped us not only in finding new and innovative solutions for the customers but also continuously improving the existing products and solutions which has taken your Company to new height in terms of product quality, superiority and performance. Your Company is steadily moving towards achieving its vision of becoming a global leader in this niche business of High Chrome Mill Internals.

Last fiscal your Company has consciously and voluntarily adopted a charter for sustainable development as a part of its Corporate Social Responsibility. I am happy to inform that your Company has already started implementing the avowed objectives of promoting a cleaner and greener environment in line with the said charter and going forward the Company will continue to strive to improve its endeavour in this direction.

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

Bhadresh Shah
Managing Director

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Mr. Rajendra S. Shah : *Chairman : Independent - Non-Executive*
Mr. Bhadresh K. Shah : *Managing Director : Executive - Promoter*
Mr. Vinod Narain : *Independent*
Dr. S. R. Ganesh : *Independent*
Mr. Bhupendra A. Shah : *Independent*
Mr. Sanjay S. Majmudar : *Independent*
Dr. S. Sri Kumar : *Non Independent - Non-Executive Director*
Mr. Yashwant M. Patel : *Additional Director - Independent*

COMPANY SECRETARY

Mr. S. N. Jetheliya

AUDITORS

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

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENTS

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

BANKERS

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

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

CONTENTS

Numbers Speak.....	02
Directors' Report	06
Report on Corporate Governance	14
Management Discussion & Analysis	25
Standalone Financial Statements	29
Consolidated Financial Statements	55
Notice	73



NUMBERS SPEAK

Profit & Loss Account (Consolidated)

(₹ Millions)

Particulars	Year ended 31st March,2011	Year ended 31st March,2010
INCOME :-		
Gross Sales	11940.97	9868.01
Less:- Central Excise Duty	571.55	371.00
Net Sales	11369.42	9497.01
Other Income	489.77	322.42
Increase / (Decrease) in Stock	704.53	(76.46)
TOTAL	12563.72	9742.97
EXPENDITURE :-		
Trading Purchases	638.64	399.73
Raw material & Stores Consumption	5943.69	3989.13
Manufacturing Expenses	1800.96	1227.66
Employees emoluments	509.89	433.34
Administrative and Other Expenses	294.16	579.57
Selling & Distribution Expenses	638.76	502.41
Interest Expenses	18.58	13.99
Depreciation	253.97	227.09
TOTAL	10098.65	7372.92
PROFIT BEFORE TAXES	2465.07	2370.05
PROVISION FOR TAXES :		
a) Current Tax	604.51	630.88
b) Deferred Tax	24.80	26.80
c) Income Tax adjustment of earlier years	(0.06)	1.38
TOTAL TAX (a+b+c)	629.25	659.06
PROFIT AFTER TAXES	1835.82	1710.99
LESS : MINORITY INTEREST	1.93	3.62
PROFIT AFTER MINORITY INTEREST	1833.89	1707.37

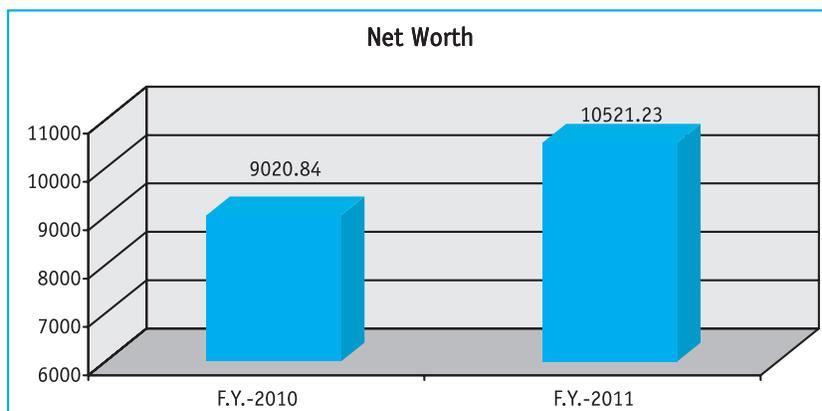
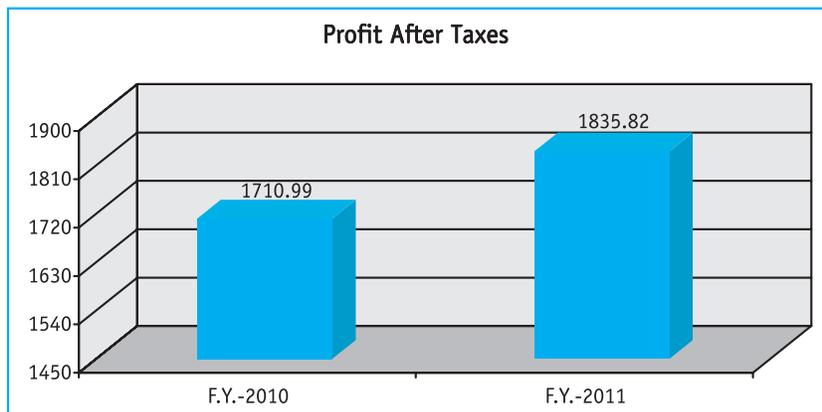
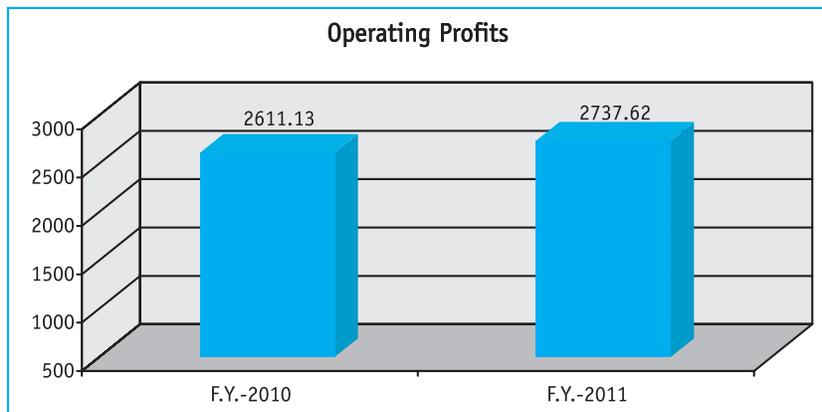
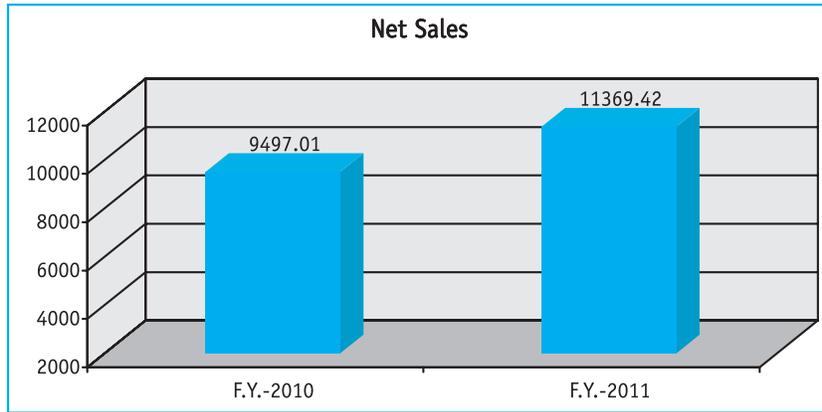
Balance Sheet (Consolidated)

(₹ Millions)

Particulars	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS		
SHAREHOLDER'S FUNDS :		
a) Share Capital	188.64	188.64
b) Reserve & Surplus	10332.59	8832.20
	<u>10521.23</u>	<u>9020.84</u>
MINORITY INTEREST	64.67	60.20
LOAN FUNDS :		
a) Secured Loans	169.08	65.67
b) Unsecured Loans	42.44	16.35
	<u>211.52</u>	<u>82.02</u>
DEFERRED TAX LIABILITIES (NET)	152.37	116.86
TOTAL	<u>10949.79</u>	<u>9279.92</u>
APPLICATION OF FUNDS		
FIXED ASSETS :		
a) Gross Block	4102.12	3349.17
b) Less : Depreciation	1278.84	1033.74
Net Block	<u>2823.28</u>	<u>2315.43</u>
c) Capital Work in Progress	151.64	112.00
	<u>2974.92</u>	<u>2427.43</u>
INVESTMENTS	1501.34	1414.61
CURRENT ASSETS, LOANS AND ADVANCES :		
a) Interest Accrued on Investments	0.77	9.63
b) Inventories	2367.47	1531.85
c) Sundry Debtors	3583.00	2132.79
d) Cash and Bank Balances	1530.59	2093.05
e) Loans and Advances	3968.75	3349.45
	<u>11450.58</u>	<u>9116.77</u>
Less : CURRENT LIABILITIES AND PROVISIONS :		
a) Current Liabilities	1526.84	925.98
b) Provisions	3450.21	2752.91
	<u>4977.05</u>	<u>3678.89</u>
NET CURRENT ASSETS	<u>6473.53</u>	<u>5437.88</u>
TOTAL	<u>10949.79</u>	<u>9279.92</u>

**RATIOS (Consolidated)**

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Financial Performance Ratio %		
Operating Profits	24.08	27.49
PAT / Net Sales	16.15	18.02
Interest / Total Income	0.15	0.14
BALANCE SHEET RATIOS (TIMES)		
Debt / Equity Ratio	0.02	0.01
Current Ratio	2.30	2.48
PER SHARE DATA		
Earning Per Share (₹)	19.44	18.10

GRAPHS (₹ MILLIONS)




DIRECTORS' REPORT

To,
The Members,
AIA Engineering Limited,
Ahmedabad

Your Directors take pleasure in submitting the 21st Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL HIGHLIGHTS:

Particulars	Year ended 31st March, 2011 ₹ Millions	Year ended 31st March, 2010 ₹ Millions
Sales & Other Income	10018.02	8319.51
Profit before Interest, Depreciation and Taxation	2106.81	2058.69
Interest	0.24	7.62
Depreciation	213.81	188.06
Profit before tax	1892.76	1863.01
(i) Provision for Taxation (Current)	571.10	610.00
(ii) Short / Excess provision of Taxation	-0.06	1.82
(iii) Provision for Taxation (Deferred)	24.22	25.57
Total Tax (i+ii+iii)	595.26	637.39
Profit after tax	1297.50	1225.62
Surplus Brought Forward from Previous Year	3913.52	3085.57
Balance available for appropriations	5211.02	4311.19
Interim Dividend on Equity Shares	0.00	75.46
Proposed Dividend on Equity Shares	282.96	160.35
Tax on Dividend on Equity Shares	45.76	39.30
Transferred to General Reserve	129.75	122.56
Balance Carried to Balance Sheet	4752.55	3913.52

2. OPERATIONAL REVIEW:

During the year under review, the Turnover of the Company has gone up to ₹ 9610.80 Millions as compared to ₹ 8041.95 Millions in the previous Financial Year. Exports Turnover has also gone up to ₹ 5671.72 Millions as compared to ₹ 4102.61 Millions in the previous Financial Year.

During the year under review, the Company has registered a Profit Before Tax (PBT) of ₹ 1892.76 Millions and Profit After Tax (PAT) of ₹ 1297.50 Millions as compared to PBT of ₹ 1863.01 Millions and PAT of ₹ 1225.62 Millions 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 ₹ 11369.42 Millions as compared to the Turnover of ₹ 9497.01 Millions in the previous Financial Year. Correspondingly, the Consolidated Profit after Tax (PAT) registered during the year under review is ₹ 1835.82 Millions as compared to PAT of ₹ 1710.99 Millions in the previous Financial year.

3. DIVIDEND:

The Board of Directors is pleased to recommend a Dividend of ₹ 3.00 (150%) per Equity Shares of the face value of ₹ 2 each amounting to ₹ 282.96 Millions for the Financial year 2010-11 subject to the approval of the shareholders.

The total Dividend outgo for the year ended 31st March, 2011 would be ₹ 328.72 Millions including the Corporate Dividend Tax of ₹ 45.76 Millions.

6. INCORPORATION OF A STEP-DOWN SUBSIDIARY IN CHINA:

During the year under review, a step-down Subsidiary Company in the name of Wuxi Weigejia Trade Co. Limited, China has been incorporated which is a Wholly-owned Subsidiary of Vega Industries (Middle East) FZE, UAE.

7. ACQUISITION OF SHARES OF DCPL FOUNDRIES PRIVATE LTD.:

During the year under review, the Company has acquired 70% of the Equity Shares of ₹ 10 each of DCPL Foundries Private Ltd., Trichy (DFPL) at a price of ₹ 10 per share. With the acquisition of 70% of the Equity Shares of DFPL, it has become a Subsidiary of the Company with effect from 13th December, 2010.

8. CAPITAL EXPENDITURE OUTLAY:

During the year under review, the Company has incurred ₹ 715.83 Millions (including ₹ 134.76 Millions of Capital work-in-progress) on Capital Expenditure.

9. HUMAN RESOURCE POLICY:

The Company's business is highly specialized and involves the full cycle from design of solutions for specific applications at the customer's end to production of highest quality material to supervision of installation of parts at the customer's end. It requires dedicated staff at all levels. The Company enjoys very low attrition levels and endeavors to ensure retention of staff by putting in place best in class human resource practices. In addition to opportunities for growth, the Company also ensures that there is sufficient learning imparted to the employees through regular cross-functional interactions and expert training seminars.

10. 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 new capacities added.

The Company closed the fiscal year 2010-11 with a growth of 25.48% in terms of tonnage and 19.72% in terms of revenue as compared to the previous year. This was attained largely on account of the successful penetration in the mining space. The Company today services different mineral ores like iron, copper, gold, platinum and zinc for blue chip mining customers in countries like USA, Canada, Brazil, South Africa, Australia, etc.

In addition to in-roads in the global mining space, the Company continued to build on its market share in the global Cement market and the Utility market in India.

For the upcoming fiscal year, i.e. 2011-12, the Company expects to further increase its market share in the mining space by targeting increased business from existing customers as well as new customers. In the Cement market, the Company will continue to focus on countries with high growth potential including China, where the Company has started to make firm progress.

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

11. FUTURE EXPANSION:

AIAE has implemented brown field expansions at various locations in Fiscal Year 2010-11 and the capacity has effectively increased to 200,000 tons per annum. The Company has also charted out further expansion plans through a combination of greenfield and brown field projects whereby the Company would be in a position to increase the overall capacity by additional 100,000 tons per annum so as to be effectively available in Fiscal Year 2013-14.

12. SUBSIDIARY COMPANIES:

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

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

Central Government, Ministry of Corporate Affairs vide its General Circular No. 2/2011 and its Order No. 5/12/2007-CL-III dated 8th February 2011 has granted a General Exemption to the Companies from attaching the audited accounts of the subsidiaries to this Annual Report subject to the compliance of terms and conditions as mentioned in the said Circular.

The Company has Subsidiaries in India and abroad. A statement containing brief financial details of these companies for the year ended 31st March, 2011 forms part of this Annual Report. The annual accounts of the Subsidiary Companies will be available for inspection by any member at the Registered Office of the Company. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the Company seeking such information at any point of time.

13. INSURANCE:

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

14. 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.



15. INDUSTRIAL RELATIONS:

The Company is extremely sensitive in dealing with its staff and workers and continues to take steps towards achieving the highest standards of industrial harmony. All statutory compliances are maintained. Company has always tuned its policy and process to help staff and workers to have a healthy working environment and keep high morale in the organization. Company has regular interactions with the business and industrial fraternity through organisations like the Confederation of Indian Industries (CII), the Gujarat Chamber of Commerce and Industries (GCCCI) and Ahmedabad Management Association (AMA).

16. INTERNAL CONTROL AND AUDIT:

Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operation 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.

17. 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.

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

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

19. DIRECTORS:

Mr. Yashwant M. Patel was appointed as an Additional Director by the Board of Directors of the Company in their meeting held on 12th November, 2010. Mr. Yashwant M. Patel will be Additional Director upto the ensuing Annual General Meeting.

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

Mr. Bhupendra A. Shah and Mr. Vinod Narain, Directors of the Company retire by rotations at the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment.

The Board recommends the re-appointments of Mr. Bhupendra A. Shah and Mr. Vinod Narain as Directors of the Company.

20. 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.

21 COST AUDITORS:

In compliance with the Ministry of Corporate Affairs' order No. 52/26/CAB-2010 dated 3rd May, 2011, the Board of Directors of the Company have appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the Cost Accounting Records of the Company for the Financial Year 2011-12.

22. 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.

23. 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.

24. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) sound accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2011 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 and detecting fraud and other irregularities;

(iv) the Annual Accounts have been prepared on a going concern basis.

25. CORPORATE SOCIAL RESPONSIBILITY:

The Company is firm in its resolve to ensure that its social obligations are given the right attention. Various initiatives have been taken up in line with the same and which are explained in more detail in Annexure C of this Report.

26. ENVIRONMENT, HEALTH & SAFETY:

We are compliant with all environmental regulations. There is a constant effort to improve the work environment. As an environmental conscious industry, we are working to become a carbon and water neutral Company.

“Safety” was a key word and safe operating practices and safe work for all are key management KRAs. To create awareness and involve all for safe practices, regular tool box meetings were held at shop floor. The use of Personal Protective Equipment (PPE) and health check-ups contributed to safety and good occupational health of the employees. Safety Audits were also arranged

27. “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 D attached herewith and the said Annexure D forms part of this Annual Report.

28. 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 : 30th May, 2011

(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, 2011.

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

1. Name	Shri Bhadresh K. Shah
2. Age	60 Years
3. Qualification	B.Tech Metallurgical
4. Designation	Managing Director
5. Date of commencement of employment.	1.4.1991
6. Experience	34 Years
7. Remuneration	₹ 6.96 Millions p.a.
8. a) Particulars of last employment:Employer	Ahmedabad Induction Alloys Ltd.
b) Last Post	Managing Director
c) No. of Years	12 Years

(B) Employed for part of the Financial Year under review and were in receipt of remuneration at the rate of not less than ₹ 0.50 Millions per month : Nil

For and on behalf of the Board,

Place : Ahmedabad
Date : 30th May, 2011

(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, 2011.

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

The Company is taking all possible measures to conserve energy in its operations. It includes usage of alternate fuels, usage of energy efficient equipments, regular audit of manufacturing operations to identify in-efficient processes and correction thereof and use of industry best practices for efficient energy consumption.

(I) POWER & FUEL CONSUMPTION:

Particulars	Current Year 2010-2011	Previous Year 2009-2010
Electricity		
a) Purchased Units	146741352	117489708
Total Amount (₹ Millions)	843.56	695.43
Rate/Unit/(₹)	5.75	5.92
b) Own Generation		
Through Diesel Generator Unit	72366	28412
Unit per Litre of Diesel Oil	2.87	1.49
Cost/Unit (₹)	14.70	26.75
c) Through Steam Turbine/Generator		
Units	N.A.	N.A.
Units per Ltr. Of Fuel/Oil/Gas	N.A.	N.A.
Cost/Unit (₹)	N.A.	N.A.
d) Coal(Specify Quantity and where used)		
Quantity (in Tons)	N.A.	N.A.
Total cost (₹)	N.A.	N.A.
Average Rate/(₹)	N.A.	N.A.
e) Light Diesel Oil		
Quantity (in Ltrs)	3274660	2341052
Total Amount (₹ Millions)	127.98	70.58
Average Rate (₹)	39.08	30.15
f) Others/Internal Generation. PNG		
Quantity Unit (SCM)	553757	605198
Total Cost (₹ lacs)	12.29	12.14
Rate/Unit (₹)	22.20	20.05

II. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Current Year 2010-2011	Previous Year 2009-2010
Product:		
Castings Unit (Tonnes)	86026	71364
Electricity per Ton of Castings (Units)	1706	1646

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

- Development of Sintercast (composite alloy) solution for crusher parts used in quarries and cement plants.

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

- Crusher parts in new composite alloys are expected to perform better.

c) Future plans of action.

- Develop market for the above mentioned new products.

d) Expenditure on R & D (₹ lacs).

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

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

- Adaptation of new quenching oil.
- Adaptation of new lining material in induction furnace.

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

- New quenching oil gives better surface appearance on castings and carry over is less.
- Life of lining with new material is more and liquid metal is cleaner.

c) Imported technology.

No technological inputs were used from outside. All developments were in house.

d) Foreign Exchange Earnings and outgo:

(₹ Millions)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
i) Total foreign exchange used	924.64	216.28
ii) Total foreign exchange earned	5671.72	4102.61

For and on behalf of the Board,

Place : Ahmedabad
Date : 30th May, 2011

(Rajendra S. Shah)
Chairman



Corporate Sustainability

As AIA Engineering Limited (AIAE) continues to grow in significance, global reach & sectoral coverage, we have decided to take the lead on issues of Corporate Governance, Sustainable Development and Corporate Social Responsibility (CSR).

Corporate governance and CSR are beginning to play a critical role in the way businesses operate in India and abroad. They are particularly relevant for us since we service environmentally sensitive industry sectors (mining, cement, thermal power and utilities) and are present in diverse and global geographies. For the Company, it is not enough to comply with local laws; there is a need to be compliant with global standards.

AIAE's corporate values are built around protecting stakeholder rights and interests, managing risks and creating business value. AIAE is geared to meeting evolving customer expectations; complying with future regulations; building brand reputation; and adopting "green" strategies.

Based on feedback received from the stakeholders, including customers and regulatory authorities, the Company has prepared a road map to address these critical issues. Where possible, the Company has tried to integrate the initiatives with its business.

Keeping in view the expected future regulation; customer requirements; and its reputation and brand, the Company has decided to design and implement Sustainability initiatives in the following operational areas:

- Reducing Carbon Footprint
- Reducing Water Footprint
- Waste Minimization and Recycling
- Environment Management
- Health and Safety

In line with this, the Company has undertaken the following initiatives:

Reducing our Carbon Footprint

The Company is systematically identifying opportunities for reduction in carbon dioxide emissions from its business activities and operations. The Company has successfully tested the use of cleaner fuels and are currently implementing this fuel change in the furnaces where ever possible in a gradual manner.

Besides reducing Greenhouse Gas (GHG) emissions from its operations, the Company is also helping in GHG abatement through mass tree plantation. The Company has successfully planted 5000 trees at the Air Force Base in Chiloda, Gandhinagar. The project is a public private partnership between AIAE, Air Force Base and the Department of Environment, Government of Gujarat. The project aims to plant 45000 trees over the next three years. Through this tree plantation the Company hopes to not only reduce carbon footprint, but also improve biodiversity and generate local employment.

Reducing our Water Footprint

The Company has adopted a three pronged approach to move towards becoming a Water Positive Company. This includes reducing its water consumption to the extent possible, treatment and reuse of its waste water, and augmenting ground water sources through rain water recharge and harvesting.

Waste Minimization and Recycling

About 70% of the raw material the Company uses, is scrap, which not only means that the Company reuse the waste but also reduces carbon emissions and prevents mining of virgin metal. Further, we recover metal from slag.

To further conserve natural resources, the Company is looking for ways and means to increase the percentage reuse of sand used in the sand moulding process.

Environment Management

The Company has identified individual plant level improvements for improving efficiency and reducing waste. Actions include

- reviewing and improving the efficiency of cooling towers and softening plants
- setting in place environment management systems
- monitoring environmental pollutants
- managing hazardous waste and materials

Health and Safety

The Company is committed to the health and safety of its employees, contractors and visitors. Considering the nature of business it requires specific measures to improve housekeeping & the Senior Management is actively involved in improving the work area environment constantly through monthly review meetings chaired by its Managing Director. In order to minimize accidents and improve the health, the following is carried out:

- Regular check ups of employees
- Safety and Health training for employees and contractors
- Continuous training of all employees and contractors.

While the above initiatives represent only the beginning of Company's sustainability journey, it will endeavor to progressively integrate a sustainability approach across all its operations and decision-making in close coordination with all its stakeholders.

ANNEXURE – D

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, Bangalore
2.	Vega Industries (Middle East) F.Z.E., Ajman, UAE
3.	Vega Industries Limited, U.K.
4.	Vega Industries Limited, U.S.A.
5.	Vega Steel Industries (RSA) (Pty) Limited, South Africa
6.	Wuxi Weigejia Trade Company Limited, China
7.	DCPL Foundries Private Limited, Trichy
8.	Vrindavan Alloys Private Limited, Ahmedabad
9.	Keyur Financial Services Private Limited, Ahmedabad
10.	Grey Cast Foundry Works, Ahmedabad
11.	Mr. Bhadresh K. Shah
12.	Bhadresh K. Shah – HUF
13.	Bhadresh Shah Family Private Trust
14.	Mrs. Gita B. Shah
15.	Mrs. Khushali Shah
16.	Mrs. Bhumika Shah

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

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

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

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

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

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

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of Code of Corporate Governance. The Board is headed by the Non-Executive Chairman, Mr. Rajendra S. Shah. The present strength of the Board of Directors is 8 which include 1 Executive - Promoter Director, 6 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 four times during the year under review on 29th May, 2010, 12th August, 2010, 12th November, 2010 and 9th February, 2011. 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, 2011 are as follows:

Name of the Director	Category	Board Meetings Attended	Attendance at the Last AGM held on 12.08.2010
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	4	Present
Mr. Bhadrash K. Shah (Managing Director)	Executive - Promoter	4	Present
Mr. Vinod Narain	Independent	1	Absent
Dr. S. R. Ganesh	Independent	3	Absent
Mr. Bhupendra A. Shah	Independent	3	Present
Mr. Sanjay S. Majmudar	Independent	4	Present
Dr. S. Srikumar	Non Independent - Non Executive	2	Absent
Mr. Yashwant M. Patel*	Independent	1	N.A.

* Appointed as an Additional Director w.e.f. 12.11.2010.

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	1	None	None
Mr. Yashwant M. Patel*	None	None	None

* Appointed as an Additional Director w.e.f. 12.11.2010.

(B) Independent Directors' Compensation and Disclosures:

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

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

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

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

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

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

II. COMMITTEES OF THE BOARD:

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

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

a) AUDIT COMMITTEE:

As on 31st March, 2011, the Audit Committee comprise of 4 Independent Directors. Names of the members and the Chairman of the Committee as on 31st March, 2011 together with their attendance are given in the following table.

Name of the Member / Chairman	No. of Meetings	Meetings Attended
Mr. Rajendra S. Shah - Chairman	4	4
Mr. Vinod Narain	4	1
Mr. Bhupendra A. Shah	4	4
Mr. Sanjay S. Majmudar	4	4

During Financial Year 2010-11, four (4) Audit Committee meetings were held on 29th May, 2010, 12th August, 2010, 12th November, 2010 and 9th February, 2011. 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 attended the last Annual General Meeting (AGM).

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



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

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

Brief description of terms of reference:

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

The Audit Committee also reviews the uses / applications of QIP funds by major category (Capital Expenditure, General Corporate Purposes, Working Capital, etc), 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 Four times on 29th May, 2010, 12th August, 2010, 12th November, 2010 and 9th February, 2011.

Number of Shareholders complaints received so far:

During the period under review, Company did not receive any Complaint from any Shareholder. There is no outstanding complaint as on 31st March, 2011.

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

Remuneration Policy:

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

Meeting and Attendance during the year:

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

Details of remuneration to all the Directors:

The details of remuneration paid to the Managing Director during the year 2010 - 2011 are given below:

(₹ Millions)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	6.00	0.96	6.96

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 for attending Board and Committee Meetings during the Financial Year 2010-2011 is given below:

(₹ Millions)

Sr.No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	0.100
2.	Mr. Vinod Narain	0.025
3.	Dr. S. R. Ganesh	0.045
4.	Mr. Bhupendra A. Shah	0.075
5.	Mr. Sanjay S. Majmudar	0.100
6.	Mr. Yashwant M. Patel	0.015

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.

The Company has fully utilized the Qualified Institutions Placement (QIP) funds of ₹ 1250 Millions.

During the year under review the Committee met on 14th May, 2010, 7th August, 2010, 26th October, 2010 and 25th January, 2011.

III Subsidiary Companies:

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

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

IV Disclosures:
(A) Related Party Transactions:

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

(B) Disclosure of Accounting Treatment:

In the preparation of the Financial Statements, the Company has followed Accounting policies and Practices as prescribed in the Accounting Standards and there is no change in the accounting treatment during the year under review.

(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.

**(E) REMUNERATION OF DIRECTORS:**

Mr. Bhadresh K. Shah is the only Executive Director of the Company and remuneration paid to him during the Financial Year 2010-11 is as under:

(₹ Millions)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	6.00	0.96	6.96

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 for attending Board and Committee Meetings during the financial year 2010-2011 is given below:

(₹ Millions)

Sr.No.	Name of the Director	Sitting Fees Paid
1	Mr. Rajendra S. Shah	0.100
2	Mr. Vinod Narain	0.025
3	Dr. S. R. Ganesh	0.045
4.	Mr. Bhupendra A. Shah	0.075
5.	Mr. Sanjay S. Majmudar	0.100
6.	Mr. Yashwant M. Patel	0.015

The Directors' Remuneration Policy of your Company confirms 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. Yashwant M. Patel was appointed as an Additional Director by the Board of Directors of the Company in their meeting held on 12th November, 2010. Mr. Yashwant M. Patel will be Additional Director upto the ensuing Annual General Meeting. The Board of Directors of the Company in their meeting held on 30th May, 2011 appointed Mr. Yashwant M. Patel as a Whole-time Director of the Company for a period of three years with effect from 01.04.2011.

Mr. Bhupendra A. Shah and Mr. Vinod Narain, 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 resumes and other information of the above Whole-time Director / Directors as 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, 2011:**

Name of Director	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
Mr. Yashwant M. Patel	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, 2011 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:
ANNUAL GENERAL BODY MEETINGS:

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

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

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

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

Annual General Meeting held on 12-08-2010

- **"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 initialed by the Chairman for the purposes 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."

Annual General Meeting held on 23-09-2009 : NIL
Annual General Meeting held on 16-09-2008

"RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions if any, of the Companies Act, 1956 the consent of the members of the Company be and is hereby accorded 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 Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380009 with effect from 01.10.2008 instead of being kept at the Registered Office of the Company."

"RESOLVED FURTHER THAT 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 as aforesaid shall be open for the inspection of any member of the Company between the hours 11.00 a.m. and 1.00 p.m. at the Branch Office of Intime Spectrum Registry Limited, the Registrar & Share Transfer Agent, of the Company at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380009 on any working day from Monday to Friday except during the period the Register of Members is closed under the provisions of the Companies Act, 1956 or the Articles of Association of the Company."

VIII GENERAL SHAREHOLDERS' INFORMATION

Date and Time of 21st AGM

Friday, the 12th August, 2011 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



AIA ENGINEERING LIMITED

Financial Year	31st March, 2011.
Book Closure Date	30th July, 2011 to 12th August, 2011 (both days inclusive)
Registered Office Address	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	Within 30 days from the date of declaration of dividend.
Compliance Officer	Mr. S. N. Jetheliya, Company Secretary
Email for Redressal of Investors' Complaints in terms of Clause 47 (f) of the Listing Agreement	ric@aiaengineering.com
Website	www.aiaengineering.com

Financial Calendar (subject to change) for the Financial Year 2011-12:

First Quarter Results	On or before 14th August, 2011
Second Quarter & Half Yearly Results	On or before 14th November, 2011
Third Quarter Results	On or before 14th February, 2012
Audited Results for the year 2011-12	On or before 30th May, 2012

(a) Listing on Stock Exchanges:

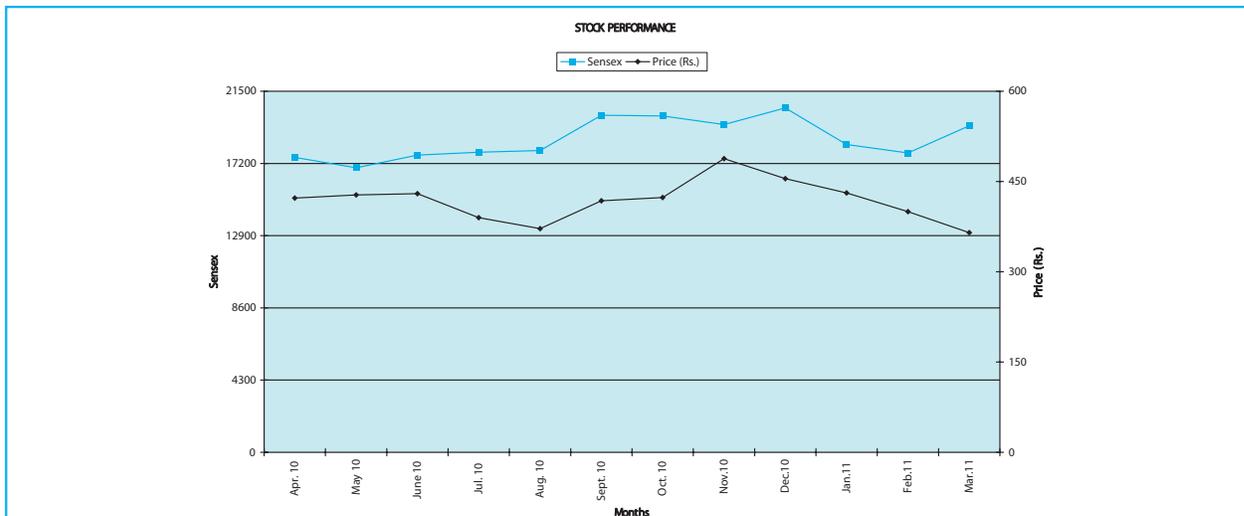
Name and Address of the Stock Exchanges	Scrip Code
Bombay Stock Exchange Limited 25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001	532683
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AIAENG

The listing fees for the year 2011-12 have been paid to both the Stock Exchanges.

(b) Market Price Data:

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

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 10	17558.71	423.95	383.05	422.40	389.00
May 10	16944.63	427.90	375.15	427.70	374.05
June 10	17700.90	421.00	380.30	429.90	379.70
July 10	17868.29	387.75	354.00	389.90	247.70
Aug. 10	17971.12	371.95	336.05	371.70	322.65
Sept. 10	20069.12	446.00	358.00	418.00	360.00
Oct. 10	20032.34	419.80	391.00	423.40	396.00
Nov.10	19521.25	479.90	402.10	488.00	401.80
Dec.10	20509.09	453.00	368.00	454.85	365.05
Jan.11	18327.76	430.00	375.10	430.90	354.00
Feb.11	17823.40	388.00	315.10	399.85	315.00
Mar.11	19445.22	359.00	305.00	365.00	302.05



(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 – 079-26465179
email: ahmedabad@linkintime.co.in

(d) Share Transfer System:

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

(e) Distribution of Shareholding:
(i) Shareholding pattern as on 31st March, 2011.

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	20010	58128905	58148915	61.65
Mutual Funds & UTI	0	10701353	10701353	11.35
Banks, FI & Insurance Companies	0	500	500	0.00
Foreign Financial Institutions	0	20119922	20119922	21.33
NRIs	0	85525	85525	0.09
Other Corporate Bodies	0	3182218	3182218	3.37
Indian Public	630	2081307	2081937	2.21
Total	20640	94299730	94320370	100.00

(ii) Distribution of Shareholding as on 31st March, 2011.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	9622	95.2860	876936	0.9300
501 to 1000	184	1.8220	138579	0.1470
1001 to 2000	98	0.9700	136131	0.1440
2001 to 3000	43	0.4260	107675	0.1140
3001 to 4000	13	0.1290	46265	0.0490
4001 to 5000	21	0.2080	98547	0.1040
5001 to 10000	14	0.1390	100601	0.1070
10001 & above	103	1.0200	92815636	98.4050
Grand Total	10098	100.0000	94320370	100.0000
Shareholders in Physical Mode	9	0.0891	20640	0.0219
Shareholders in Electronic Mode	10089	99.0109	94299730	99.9781

(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 31.03.2011, 94299730 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) Outstanding Shares in Unclaimed Suspense Account of the Company:**

The following Outstanding Shares lying in the Unclaimed Suspense Account of the Company as on 31.03.2011:

Sr. No.	Particulars	No. of Shareholders	Unclaimed Shares
1	Aggregate No. of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	8	800
2	No. of Shareholders approached the company for transfer of shares from Unclaimed Suspense Account during the year.	1	100
3	No. of Shareholders to whom shares were transferred from Unclaimed Suspense Account during the year.	1	100
4	Aggregate No. of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	7	700

(i) Plant Locations:

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

(j) Address for Correspondence:

- 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 – 079-26465179
email: ahmedabad@linkintime.co.in

- Any query relating to Dividend, Annual Reports etc.

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

Details of Non-Compliance

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

Practicing Company Secretaries' Certificate on Corporate Governance

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

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

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

b) Remuneration Committee

The Board has constituted a Remuneration Committee consisting of three non-executive Directors.

c) Shareholder Rights

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

d) Postal Ballot

No Postal Ballot was conducted during the year under review.

The above report on Corporate Governance was adopted by the Board of Directors at their meeting held on 30th May, 2011.

**PRACTICING COMPANY SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members of
AIA Engineering Limited,
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA ENGINEERING LIMITED for the year ended 31st March, 2011 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.

We state that during the year ended 31st March, 2011, no complaint was received and hence no Investor Complaint is pending against the Company as on 31st March, 2011 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee and to us.

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

For **Tushar Vora & Associates**
Company Secretaries

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

Place : Ahmedabad
Date : 30th May, 2011

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 2010-11.

Place : Ahmedabad
Date : 30th May, 2011

(Bhadresh K. Shah)
Managing Director



MANAGING DIRECTOR / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION

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

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 March 31, 2011 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

Place : Ahmedabad
Date : 30th May, 2011

Kunal D. Shah
Executive Director (Finance)

Place : Ahmedabad
Date : 30th May, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

AIAE manufactures and markets a wide range of high chromium consumable wear parts (mill internals) which are used in the process of crushing/grinding in the Cement, Mining and Thermal power Industries. Infrastructure is the pivot on which economic development of any country rests. Cement, mining and utilities are the basic drivers of infrastructure development.

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

AIAE services the cement industry and the mining industry globally and has a presence in more than 75 countries worldwide. While the global cement industry has been witnessing cyclical movement during last 2 fiscal years, it has started showing signs of recovery in certain specific markets. Needless to say, the Indian Cement Industry has continued to grow strongly.

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

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

B. SEGMENTWISE PERFORMANCE

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2010-11, 39.12% of its total sales came from India while balance 60.88% came from sales outside India.

C. OUTLOOK AND PROSPECTS

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

In fiscal 2010-11, the Cement markets of North America and Western Europe continued to remain sluggish and flat. However, the markets of South America, certain countries in Asia including China and India and some countries in Africa continued to grow at a decent pace. The company has been successful in de-risking its cement business by spreading the geographical reach and also by strengthening the product portfolio. It is expected that the Cement demand in the developed countries may see some revival in fiscal year 2011-12 and may return to their normal levels by Fiscal Year 2012-13.

Growth prospects in mining industry are very exciting considering the fact that AIAE has already started servicing major mines in the key markets of Brazil, USA, Canada, South Africa and Australia. The market opportunity in the mining industry is in excess of over 2.5 million tons per annum and the bulk of it is currently being serviced by conventional forged parts. AIAE is bullish on consistent and robust growth prospects of catering to the global mining industry.

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

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

AIAE implemented brown field expansions at existing facilities in Fiscal Year 2010-11 and after which the rated capacity has effectively increased to 200,000 tons per annum. The company has also charted out further expansion plans through a combination of greenfield and brown field projects whereby the company would be in a position to increase overall capacity by an additional 100,000 tons per annum in Fiscal Year 2013-14.

D. RISKS AND CONCERNS

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

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



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

E. INTERNAL CONTROL SYSTEM AND THE ADEQUACY

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

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

The Company has successfully migrated to the SAP-ERP system in Fiscal Year 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.

F. FINANCIAL PERFORMANCE REVIEW

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

I. Consolidated Performance

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

(a) Physical Production

The production achieved is as under: (Qty.in M.T)

Product	F.Y.2010-11	F.Y.2009-10
High Chrome Mill Internals	128772	101561

(b) Sales Turnover (Consolidated)

The comparative position of sales turnover achieved by the Company is as under: (₹ Millions)

Particulars	F.Y.2010-11	F.Y.2009-10
Sales in India	4447.30	4286.85
Sales Outside India	6922.12	5210.17
Total	11369.42	9497.02

(c) Key Performance Indicators (Consolidated)

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

(₹ Millions)

Particulars	F.Y.2010-11	F.Y.2009-10
1 Net Sales	11369.43	9497.01
2 Raw Materials Consumed (incl. stores, spares & Trading Purchase)	6582.32	4388.85
- % of Sales	57.89%	46.21%
3 Employee Costs	509.89	433.32
- % of Sales	4.48%	4.56%
4 Other Expenditure	2733.85	2309.65
- % of Sales	24.05%	24.32%
5 EBIDTA	2737.65	2611.15
- % of Sales	24.08%	27.49%
6 Interest Cost	18.58	13.98
- % of Sales	0.16%	0.15%
7 Depreciation	253.97	227.09
- % of Sales	2.23%	2.39%
8 Profit Before Tax	2465.10	2370.08
- % of Sales	21.68%	24.96%
9 Profit After Tax	1833.89	1707.42
- % of Sales	16.13%	17.98%

II. Standalone performance

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

(a) Sales Turnover (Standalone)

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

(₹ Millions)

Particulars	F.Y.2010-11	F.Y.2009-10
Sales in India	3939.08	3939.34
Sales Outside India	5671.72	4102.61
Total	9610.80	8041.95



(b) Key Performance Indicators (Standalone)

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

(₹ Millions)

	Particulars	F.Y.2010-11	F.Y.2009-10
1	Net Sales	9610.80	8041.95
2	Raw Materials Consumed (incl. stores, spares & Trading Purchase)	5942.70	4027.16
	- % of Sales	61.83%	50.08%
3	Employee Costs	334.42	280.58
	- % of Sales	3.48%	3.49%
4	Other Expenditure	1834.73	1947.30
	- % of Sales	19.09%	24.21%
5	EBIDTA	2106.81	2058.69
	- % of Sales	21.92%	25.60%
6	Interest Cost	0.24	7.62
	- % of Sales	0.00 %	0.09%
7	Depreciation	213.82	188.06
	- % of Sales	2.22%	2.34%
8	Profit Before Tax	1892.76	1863.01
	- % of Sales	19.69%	23.17%
9	Profit After Tax	1297.49	1225.62
	- % of Sales	13.50%	15.24%

In terms of costs, there was significant increase in input costs including main raw materials like melting scrap and ferro chromium. In addition, major currencies where the Company has an exposure, viz Euro and USD also went through volatility. Both these factors affected the margin to an extent.

G) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

The Company believes that human resource is the most important asset of the 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,
Ahmedabad

1. We have audited the attached Balance Sheet of **AIA ENGINEERING LIMITED** as at 31st March, 2011, and also 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 as amended by the Companies (Auditor's report) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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:

Note 9 of Schedule 16 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, 2011 amounting to ₹ 128.22 Millions has not been considered in the Financial Statements.
 - vi. On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011.
 - (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 Regn. No. 110758W)

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2011



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 substantial part of the Fixed Assets and hence in our opinion going concern is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) During the year, the Company has granted unsecured loan to one Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in the transactions during the year was ₹ 64.90 Millions and the year end balance of loan granted to this Company was ₹ 63.00 Millions.
- (b) As per the information and explanations given and records produced before us, the rate of interest and other terms and conditions of loans given by the company are not prima facie prejudicial to the interest of the company.
- (c) As per information and explanations given and records produced before us, the receipt of interest is as per terms and conditions. There is no schedule for recovery of principal amount and the same shall be received on demand.
- (d) As per the information and explanations given and records produced before us, there is no overdue amount, hence this clause is not applicable.
- (e) The Company has not taken any Loans, secured or unsecured, from Companies, firms or other parties covered in the Register maintained u/s 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 audit. The Internal Audit for the year is therefore carried out by the said firm. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 2011 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 and Sales Tax which have not been deposited on account of any dispute are given below:

Name of the statute	Nature of dues	Amt. under dispute not yet deposited (₹ Millions)	Periods to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax including interest as applicable	0.88	2003-04	CIT (Appeals)
		4.58	2005-06	I T A T
		110.07	2006-07	CIT (Appeals)
The Central Excise Act 1944	Excise Duty including interest and penalty as applicable	8.28	2003-04	CESTAT
		0.14	2005-06	Commissioner (Appeals)
		0.06	2006-07	Commissioner (Appeals)
		0.75	2007-08	CESTAT
Service Tax Act	Service Tax including interest and penalty as applicable	10.66	1997-98 to 2002-03	Asstt. Commissioner
		125.49	2006-07 & 2007-08	CESTAT
		0.10	2007-08	CESTAT
		2.04	2008-09	CESTAT
		0.09	2009-10	Asstt. Commissioner
Sales Tax	Sales Tax / Central Sales Tax	5.43	2003-04	Deputy Commissioner of Commercial Tax (Appeals)
		1.98	2004-05	

- (x) The Company does not have any accumulated losses at the end of the Financial year. The Company has not incurred cash losses during the Financial year covered by our audit and the immediately preceding Financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
- (xii) In our opinion and according to the explanations given to us, the Company has not granted any loans against security by way of pledge of Shares, Debentures and other Securities. Therefore the provisions of this Clause of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund/ nidhi /mutual benefit fund/society. Therefore, the provisions of this clause of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of this Clause of the Order are not applicable to the Company.
- (xv) In our opinion the Company has provided Guarantees for Non-fund based limits taken by others from Banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company 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. Accordingly, the provision of clause (xix) of the Companies (Auditors' Report) Order, 2003 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 Regn. No. 110758W)

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2011



BALANCE SHEET AS AT 31st MARCH, 2011

Schedule	As at		As at
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SOURCES OF FUNDS :-			
1. SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	188.64	188.64
(b) Reserves and Surplus	2	8218.25	7249.48
			<u>7438.12</u>
2. LOAN FUNDS :			
Unsecured Loan	3	15.44	16.35
3. DEFERRED TAX LIABILITIES (NET)	4	157.95	133.73
TOTAL :		8580.28	7588.20
APPLICATION OF FUNDS :-			
1. FIXED ASSETS :	5		
(a) Gross Block		3369.69	2788.62
(b) Less : Depreciation		945.59	739.54
Net Block		2424.10	2049.08
(c) Capital Work In Progress		134.76	102.67
			<u>2151.75</u>
2. INVESTMENTS	6	1652.92	1559.17
3. CURRENT ASSETS, LOANS AND ADVANCES :	7		
(a) Interest accrued on Investments		0.77	9.63
(b) Inventories		1318.52	996.28
(c) Sundry Debtors		2475.29	1839.21
(d) Cash and Bank Balances		841.93	1256.51
(e) Loans and Advances		3930.41	3161.19
		<u>8566.92</u>	<u>7262.82</u>
Less : CURRENT LIABILITIES AND PROVISIONS :	8		
(a) Current Liabilities		799.93	691.42
(b) Provisions		3398.49	2694.12
		<u>4198.42</u>	<u>3385.54</u>
NET CURRENT ASSETS		4368.50	3877.28
TOTAL :		8580.28	7588.20

Significant Accounting Policies 15
Notes forming part of the Accounts 16

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
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Schedule	Year ended		Year ended
		31st March, 2011	31st March, 2010	31st March, 2010
		₹ Millions	₹ Millions	₹ Millions
INCOME :-				
Gross Sales		9999.46		8311.95
Less : Central Excise Duty		388.66		270.00
Net Sales	9		9610.80	8041.95
Other Income	10		407.22	277.56
Increase / (Decrease) in Stock	11		200.65	(5.79)
TOTAL :			10218.67	8313.72
EXPENDITURE :-				
Trading Purchases		1600.22		901.12
Manufacturing Expenses	12	5880.82		4401.69
Administrative,Selling and Other Expenses	13	630.81		952.22
Interest Expenses	14	0.24		7.62
Depreciation	5	213.82		188.06
TOTAL :			8325.91	6450.71
PROFIT BEFORE TAXES			1892.76	1863.01
PROVISION FOR TAXES :-				
a) Current Tax		571.10		610.00
b) Short Provision for earlier years		(0.05)		1.82
c) Deferred Tax		24.22		25.57
Total Taxes (a+b+c)			595.27	637.39
PROFIT AFTER TAXES			1297.49	1225.62
Surplus Brought forward from Previous year			3913.53	3085.57
PROFIT AVAILABLE FOR APPROPRIATIONS :			5211.02	4311.19
Appropriations :				
Interim Dividend on Equity Shares		0.00		75.46
Proposed Dividend on Equity Shares		282.96		160.34
Corporate Tax on Dividend Equity Shares		45.76		39.30
Transferred to General Reserve		129.75		122.56
			458.47	397.66
Balance carried to Balance Sheet			4752.55	3913.53
Basic and Diluted Earning Per Equity Share of ₹ 2/- each (₹) (Refer Point No.6 of Schedule : 16)			13.76	12.99

Significant Accounting Policies 15
Notes forming part of the Accounts 16

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
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011**

	Year Ended 31st March, 2011 ₹ Millions	Year Ended 31st March, 2010 ₹ Millions
CASH FLOW FROM OPERATING ACTIVITIES:-		
A. NET PROFIT BEFORE TAX	1892.76	1863.01
Add / (Less) : Adjustments for		
Depreciation	213.82	188.06
Unrealised Exchange Fluctuation (Gain) / Loss	1.99	11.15
Difference of Provision and payment of Expenses	(45.73)	0.00
Interest and Finance Charges	0.24	7.62
Interest Income	(17.63)	(92.91)
Profit on Sale of Assets	(1.83)	(0.38)
Dividend on Shares	(0.91)	(0.91)
Dividend on Mutual Fund	(90.56)	(32.91)
Profit on Sale of Investments	(11.67)	(0.01)
Loss on Sale of Assets	2.58	0.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1943.06	1943.36
(Increase) / Decrease in Current Assets		
Trade and Other Receivables	(768.14)	(401.55)
Inventories	(322.24)	(225.75)
Trade Payables	108.62	109.89
CASH GENERATED FROM OPERATION	961.30	1425.95
Direct Taxes Paid	(600.00)	(557.31)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	361.30	868.64
B. CASH FLOW FROM INVESTING ACTIVITIES:-		
Interest Received	26.48	92.91
Dividend Received	91.47	33.82
Purchase of Fixed Assets	(630.51)	(260.98)
Purchase of Investments	(1379.06)	(1083.05)
Investment in Subsidiary Company	(7.01)	0
Sale of Fixed Assets	8.84	2.41
Sale of Investments	1303.99	82.26
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	(585.80)	(1132.63)
C. CASH FLOW USED IN FINANCING ACTIVITIES:-		
Proceeds from Secured Borrowings	0.00	(354.16)
Payment for Other Borrowings	(0.91)	(0.57)
Interest and Finance Charges paid	(0.24)	(7.62)
Dividend paid including Tax	(186.94)	(297.94)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	(188.09)	(660.29)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(412.59)	(924.28)
CASH AND CASH EQUIVALENTS AS AT 1st APRIL	1256.51	2191.94
CASH AND CASH EQUIVALENTS AS AT 31st MARCH	843.92	1267.66
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(412.59)	(924.28)
Cash and Cash Equivalents Comprise :		
Cash and Bank Balances	841.93	1256.51
Adjustment : Unrealised Exchange Gain / Loss	1.99	11.15
	843.92	1267.66

Note : Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 0.22 Millions (Previous Year ₹ 0.33 Millions) 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 **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011

SCHEDULES 1 TO 8 FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 1 SHARE CAPITAL		
AUTHORISED :		
230000000 Equity Shares of ₹ 2/- each (Previous Year 230000000 Equity Shares of ₹ 2/- each)	460.00	460.00
Face Value of ₹ 10/- Splitted into Face Value of ₹ 2/- each w.e.f. 21st Oct., 2008		
TOTAL :	460.00	460.00
ISSUED, SUBSCRIBED & PAID UP :		
94320370 Equity Shares of ₹ 2/-each fully paid up (Previous Year 94320370 Equity Shares of ₹ 2/-each fully paid up)	188.64	188.64
Out of the above :		
336430 Equity Shares (Previous Year 336430) of ₹ 2/- each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd.pursuant to the Scheme of Amalgamation with the Company during the year 2009		
52305520 Equity Shares (Previous Year 52305520) have been issued as fully paid-up Bonus Shares by way of Capitalization of Securities Premium Account during the year 2005		
TOTAL :	188.64	188.64
SCHEDULE : 2 RESERVES AND SURPLUS		
A. Capital Redemption Reserve	192.57	192.57
B. Securities Premium	2657.95	2657.95
C. General Reserve	485.43	362.87
Add : Transferred from Profit and Loss Account	129.75	122.56
	615.18	485.43
D. Profit and Loss Account	4752.55	3913.53
TOTAL :	8218.25	7249.48
SCHEDULE : 3 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.	15.44	16.35
TOTAL :	15.44	16.35



	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 4 DEFERRED TAX LIABILITIES (NET)		
A. DEFERRED TAX LIABILITIES :		
Arising on account of timing difference		
- Depreciation	166.24	142.02
- Others	0.07	(0.28)
TOTAL DEFERRED TAX LIABILITIES (A)	166.31	141.74
Less :		
B. DEFERRED TAX ASSETS :		
Arising on account of timing difference		
- Leave Encashment	8.36	8.01
TOTAL DEFERRED TAX ASSETS (B)	8.36	8.01
TOTAL : (A - B)	157.95	133.73

SCHEDULE : 5 FIXED ASSETS

(₹ Millions)

Sr. No.	Name of the Fixed Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As At 01-04-2010	Addition During the Year	Sales / Transfer During	As At 31-03-2011	As At 01-04-2010	For the Year	Net Adjustment Deduction	As At 31-03-2011	As At 31-03-2011	As At 31-03-2010
A. Intangible Assets :											
1	Goodwill	2.86	0.00	0.00	2.86	2.86	0.00	0.00	2.86	0.00	0.00
2	Patents and Copyrights	0.24	0.22	0.00	0.46	0.08	0.01	0.00	0.09	0.37	0.16
3	Software	6.11	3.67	0.00	9.78	0.83	1.14	0.00	1.97	7.81	5.28
	Sub Total (A) :	9.21	3.89	0.00	13.10	3.77	1.15	0.00	4.92	8.18	5.44
B. Tangible Assets :											
1	Freehold Land	119.55	67.04	0.00	186.59	0.00	0.00	0.00	0.00	186.59	119.55
2	Leasehold Land	0.67	0.00	0.00	0.67	0.00	0.00	0.00	0.00	0.67	0.67
3	Buildings	861.15	177.00	1.08	1037.07	92.72	31.28	0.06	123.94	913.13	768.43
4	Plant and Machineries	1501.37	296.94	10.08	1788.23	542.91	153.00	4.32	691.59	1096.64	958.46
5	Electrical Installation	120.94	15.21	1.89	134.26	30.70	12.89	0.75	42.84	91.42	90.24
6	Computers	30.87	6.47	0.34	37.00	16.66	4.14	0.31	20.49	16.51	14.21
7	Furniture and Fixtures	74.31	9.01	0.11	83.21	24.93	4.76	0.04	29.65	53.56	49.38
8	Vehicles	41.91	8.76	3.85	46.82	12.66	4.22	2.29	14.59	32.23	29.25
9	Laboratory Equipments	28.64	14.10	0.00	42.74	15.19	2.38	0.00	17.57	25.17	13.45
	Sub Total (B) :	2779.41	594.53	17.35	3356.59	735.77	212.67	7.77	940.67	2415.92	2043.64
	Total : (A + B)	2788.62	598.42	17.35	3369.69	739.54	213.82	7.77	945.59	2424.10	2049.08
C. Capital Work In Progress											
	Capital Work In Progress	102.67	133.37	101.28	134.76	0.00	0.00	0.00	0.00	134.76	102.67
	Grand Total 2010-2011	2891.29	731.79	118.63	3504.45	739.54	213.82	7.77	945.59	2558.86	2151.75
	Total Previous Year	2568.59	225.10	5.07	2788.62	553.88	188.06	2.40	739.54	2049.08	2014.71
	Capital Work In Progress	66.80	102.67	66.80	102.67	0.00	0.00	0.00	0.00	102.67	66.80
	Grand Total 2009-2010	2635.39	327.77	71.87	2891.29	553.88	188.06	2.40	739.54	2151.75	2081.51

	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 6 INVESTMENTS (AT COST)		
LONG TERM TRADE INVESTMENTS: (QUOTED)		
A. INVESTMENT IN SUBSIDIARY COMPANY IN INDIA : (QUOTED)		
456881 Equity Shares of Welcast Steels Ltd. of ₹ 10/- each fully paid up. (Previous year 456881 Equity Shares)	129.63	129.63
LONG TERM TRADE INVESTMENTS: (UNQUOTED)		
A. INVESTMENT IN SUBSIDIARY COMPANY IN INDIA :		
700000 Equity Shares of DCPL Foundries Pvt.Ltd. ₹ 10/- each fully paid up. (Previous year NIL Equity Shares)	7.02	0.00
B. 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)	14.94	14.94
CURRENT INVESTMENT IN MUTUAL FUNDS : (UNQUOTED) :		
A. INVESTMENT OUT OF UNUTILIZED MONEY RAISED BY ISSUE :		
1. HDFC Fixed Maturity Plan 100 days NIL Units NAV of ₹ 10 each (Previous Year 10042440 Units NAV of ₹ 10 each)	0.00	100.42
2. LIC Savings Plus Fund NIL Units NAV of ₹ 10 each (Previous Year 28615862.380 Units NAV of ₹ 10 each)	0.00	286.16
3. Principal PNB Floating Rate Fund Institutional Plan NIL Units NAV of ₹ 10 each (Previous Year 5092552.957 Units NAV of ₹ 10.0123 each)	0.00	50.99
4. State Bank of India SHF Ultra Short Term Plan NIL Units NAV of ₹ 10 each (Previous Year 9126058.423 Units NAV of ₹ 10.005 each)	0.00	91.31
	0.00	528.88
B. CURRENT INVESTMENT OUT OF OTHER FUND :		
1. Reliance Quarterly Interval Fund Institutional Plan 20335898.194 Units NAV of ₹ 10.0075 each (Previous Year NIL)	203.51	0.00
2. HDFC Cash Management Treasury Advantage Fund 7248413.490 Units NAV of ₹ 10.0315 each (Previous Year 11871246.288 Units NAV of ₹ 10.0315 each)	72.71	119.09
3. Birla Sunlife Savings Fund Institutional Plan 2341924.101 Units NAV of ₹ 10.0068 each (Previous Year NIL)	23.44	0.00
4. Birla Sunlife Internal Income Fund Institutional Plan 10205949.560 Units NAV of ₹ 10.0597 each (Previous Year NIL)	102.06	0.00
5. Birla Sunlife Cash Manager Institutional Plan 1571.644 Units NAV of ₹ 10.0030 each (Previous Year NIL)	0.02	0.00
6. ICICI Prudential Flexible Income Plan 1328.961 Units NAV of ₹ 105.735 each (Previous Year 476955.600 Units NAV of ₹ 105.735 each)	0.14	50.43
7. ICICI Prudential Interval Fund Quarterly Institutional Plan 15000000 Units NAV of ₹ 10.0123 each (Previous Year NIL)	150.00	0.00



	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions															
SCHEDULE : 6 INVESTMENTS (AT COST) (Contd...)																	
8. State Bank of India SHF Ultra Short Term Fund 4939271.292 Units NAV of ₹ 10.0060 each (Previous Year 22082615.383 Units NAV of ₹ 10.0060 each)	49.42	220.96															
9. State Bank of India Debt Fund Series 90 Days 60000000 Units NAV of ₹ 10 each (Previous Year NIL)	600.00	0.00															
10. State Bank of India Debt Fund Series 370 Days 30000000 Units NAV of ₹ 10 each (Previous Year NIL)	300.00	0.00															
11. State Bank of India Magnum Insta Cash Fund 1984.377 Units NAV of ₹ 16.7503 each (Previous Year NIL)	0.03	0.00															
12. Reliance Money Manager Fund Institutional Option NIL Units NAV of ₹ 1001.1365 each (Previous Year 44331.461 Units NAV of ₹ 1001.1365 each)	0.00	44.38															
13. State Bank of India Mutual Fund SDFS-13M NIL Units NAV of ₹ 10 each (Previous Year 15000000.000 Units NAV of ₹ 10 each)	0.00	150.00															
14. State Bank of India Debt fund Series 180 Days NIL Units NAV of ₹ 10 each (Previous Year 20000000.000 Units NAV of ₹ 10 each)	0.00	200.00															
15. Birla Sunlife Floating Rate Fund NIL Units NAV of ₹ 10 each (Previous Year 10062830.846 Units NAV of ₹ 10.0231 each)	0.00	100.86															
		885.72															
	1501.33	1414.60															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>AGGREGATE VALUE</u></th> <th style="text-align: center;"><u>QUOTED</u></th> <th style="text-align: center;"><u>UNQUOTED</u></th> </tr> </thead> <tbody> <tr> <td>Cost</td> <td style="text-align: right;">1296.27</td> <td style="text-align: right;">1523.29</td> </tr> <tr> <td>Previous Year</td> <td style="text-align: right;">1296.27</td> <td style="text-align: right;">1429.54</td> </tr> <tr> <td>Market Value</td> <td style="text-align: right;">1809.25</td> <td></td> </tr> <tr> <td>Previous Year</td> <td style="text-align: right;">2238.03</td> <td></td> </tr> </tbody> </table>			<u>AGGREGATE VALUE</u>	<u>QUOTED</u>	<u>UNQUOTED</u>	Cost	1296.27	1523.29	Previous Year	1296.27	1429.54	Market Value	1809.25		Previous Year	2238.03	
<u>AGGREGATE VALUE</u>	<u>QUOTED</u>	<u>UNQUOTED</u>															
Cost	1296.27	1523.29															
Previous Year	1296.27	1429.54															
Market Value	1809.25																
Previous Year	2238.03																
TOTAL :	1652.92	1559.17															
SCHEDULE : 7 CURRENT ASSETS, LOANS AND ADVANCES																	
CURRENT ASSETS :																	
A. INTEREST ACCRUED ON INVESTMENTS	0.77	9.63															
B. INVENTORIES (As taken, valued & certified by the Directors) (At lower of cost or Net Realisable Value)																	
Raw Materials (Including Stock In Transit ₹ 55.79 Previous Year ₹ 89.48)	497.85	429.47															
Stores & Spares (Including Stock In Transit ₹ 11.51 Previous Year ₹ 22.87)	220.69	167.48															
Work-In Process	599.98	399.33															
	1318.52	996.28															

	As at 31st March, 2011 ₹ Millions		As at 31st March, 2010 ₹ Millions
SCHEDULE : 7 CURRENT ASSETS, LOANS AND ADVANCES (Contd...)			
C. SUNDRY DEBTORS			
(Unsecured, Considered Good)			
a) Debts outstanding for a period exceeding six months	187.88		60.05
b) Others (*)	2287.41		1779.16
		2475.29	1839.21
(*) Includes dues from :			
	Maximum due during the year		
Subsidiaries :			
Welcast Steels Ltd., Bangalore	15.14	3.21	3.35
Previous Year	81.76		
DCPL Foundries Pvt.Ltd., Trichy	4.70	4.70	0.00
Previous Year	0.00		
Vega Industries Ltd. U.S.A.	0.00	0.00	0.00
Previous Year	15.93		
Vega Industries (Middle East) FZE U.A.E.	1382.78	1203.20	613.59
Previous Year	1085.83		
Vega Industries Ltd. U.K.	0.45	0.45	0.00
Previous Year	96.66		
D. CASH AND BANK BALANCES			
a) Cash on hand	0.38		0.32
b) Balance with Scheduled Banks			
i) In Fixed Deposits	24.26		184.04
ii) In Current Accounts (including Remittances in Transit ₹ 155.34 Previous Year ₹ NIL)	817.29		1061.25
iii) In Current Accounts (Unutilized money of QIP)	0.00		10.90
		841.93	1256.51
LOANS & ADVANCES :			
(Unsecured , Considered Good)			
A) Advances and Loan to subsidiaries @	188.54		125.71
B) Advances recoverable in cash or in kind or for value to be received	296.50		210.94
C) Sundry Deposits and Advances	61.61		158.52
D) Loans and Advances to Staff	18.18		9.88
E) Balance with Central Government Authorities	296.85		224.58
F) Advance Income tax & Tax deducted at source	3065.16		2424.97
G) Advance Fringe Benefit tax	3.57		6.59
		3930.41	3161.19
@ Includes dues from :			
	Maximum due during the year		
Subsidiaries : @			
Welcast Steels Ltd.	238.96	125.54	125.71
Previous Year	250.26		
DCPL Foundries Pvt.Ltd.	63.00	63.00	0.00
Previous Year	0.00		
TOTAL :		8566.92	7262.82



	As at 31st March, 2011 ₹ Millions		As at 31st March, 2010 ₹ Millions
SCHEDULE : 8 CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES :			
a) Sundry Creditors *			
Micro,Small and Medium Enterprises (Refer Point No.2 of Schedule : 16)		0.00	0.00
Other than Micro,Small and Medium Enterprises		629.47	578.14
* Includes due to :	Maximum due during the year		
Subsidiaries : *	35.22	5.25	18.71
Previous Year	18.71		
b) Other Liabilities		12.57	3.92
c) Unclaimed Equity Dividend #		0.22	0.33
d) Statutory Liabilities		16.84	10.97
e) Advances from Customers		140.83	98.06
		799.93	691.42
# There is no amount due to be transferred to Investor's Education and Protection Fund.			
PROVISIONS :			
a) Provision for Income tax		3017.40	2456.30
b) Provision for Fringe Benefits tax		3.50	6.58
c) Proposed Dividend on Equity Shares		282.96	160.34
d) Provision for Corporate Tax on Dividend on Equity Shares		45.76	26.48
e) Provision for Expenses		9.97	18.29
f) Provision for Product Warranties Claim		3.00	2.12
g) Provision for Gratuity		10.72	0.44
h) Provision for Leave Encashment		25.18	23.57
		3398.49	2694.12
TOTAL :		4198.42	3385.54

**SCHEDULES 9 TO 14 FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2011**

	Year ended		Year ended
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 9 SALES			
A. Domestic Sales	4327.74		4209.34
B. Export Sales	5671.72		4102.61
GROSS SALES :		9999.46	8311.95
Central Excise Duty		(388.66)	(270.00)
NET SALES :		9610.80	8041.95
SCHEDULE : 10 OTHER INCOME			
A. Interest (Gross) (T.D.S ₹ 1.36 PreviousYear ₹ 10.73)		17.63	92.91
B. Miscellaneous Receipts		6.80	1.88
C. Dividend from subsidiary (Trade Investment)		0.91	0.91
D. Dividend from Mutual Funds (Current Investment)		90.56	32.91
E. Profit on Sale of Assets		1.83	0.38
F. Exports Incentives		243.92	146.45
G. Insurance Claim received		2.00	2.08
H. Gain on Exchange Rate Fluctuation		31.79	0.00
I. Profit on Sale of Mutual Fund Units		11.67	0.00
J. Sundry balances written back		0.11	0.04
TOTAL :		407.22	277.56
SCHEDULE : 11 INCREASE / (DECREASE) IN STOCK			
A. Closing Stock : Work In Process		599.98	399.33
Less :			
B. Opening Stock : Work In Process		399.33	405.12
TOTAL :		200.65	(5.79)
SCHEDULE : 12 MANUFACTURING EXPENSES			
A. RAW MATERIALS CONSUMED			
Opening Stock	429.47		251.98
Add : Purchases	3155.66		2307.84
Sub Total	3585.13		2559.82
Less : Closing Stock	497.85		429.47
Raw Materials Consumed		3087.28	2130.35
B. STORES CONSUMED			
Opening Stock	167.48		113.43
Add : Purchases	1308.41		1049.73
Sub Total	1475.89		1163.16
Less : Closing Stock	220.69		167.48
Stores Consumed		1255.20	995.68



	Year ended 31st March, 2011		Year ended 31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 12 MANUFACTURING EXPENSES (Contd...)			
C. PAYMENT TO & PROVISIONS FOR EMPLOYEES			
a) Salaries, Wages and Bonus	297.97		250.09
b) Contribution to Provident Fund / ESIC / Gratuity	33.01		25.65
c) Staff Welfare Expenses	3.44		4.84
		334.42	280.58
D. OPERATIONAL AND OTHER EXPENSES			
a) Power and Fuel	843.56		695.42
b) Labour Charges	254.03		219.32
c) Freight Inward, Octroi, Coolies and Cartages	65.74		50.67
d) Repairs and Maintenance			
- To Buildings	7.55		5.79
- To Plant and Machineries	24.62		15.98
- To Other Assets	8.42		7.90
	40.59		29.67
		1203.92	995.08
TOTAL :		5880.82	4401.69

SCHEDULE : 13 ADMINISTRATIVE, SELLING AND OTHER EXPENSES

1. Insurance Premium Expenses		12.90	10.62
2. Rent, Rates and Taxes		5.65	4.51
3. Freight Outward, Coolies and Cartages		378.36	264.02
4. Commission Expenses		31.65	26.64
5. Service Charges		0.25	0.25
6. Directors' Remuneration and Perquisites		6.96	6.53
7. Directors' Sitting Fees		0.36	0.25
8. Travelling Expenses - For Directors	1.00		1.01
- For Staff and Guests	27.77		27.39
		28.77	28.40
9. Statutory Audit Fees		0.90	0.90
10. Legal and Professional Consultancy Fees		72.08	75.05
11. Bank Commission Charges		11.90	8.74
12. Printing and Stationery Expenses		4.87	3.57
13. Postage, Telephones, Courier, Internet & E-mail		8.33	8.19
14. Sales Promotion / Gift Expenses		1.22	2.77
15. Computer Expenses		0.08	0.26
16. Vehicle Repairs and Maintenance		4.82	4.50

	Year ended		Year ended
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 13 ADMINISTRATIVE , SELLING AND OTHER EXPENSES (Contd...)			
17. Conveyance Expenses		9.05	7.00
18. Security Expenses		13.57	10.30
19. Subscription and Membership Fees		0.48	0.27
20. Entertainment Expenses		1.58	2.05
21. Donation Expenses		8.28	2.79
22. Advertisement Expenses		1.62	1.92
23. Seminar Expenses		0.10	0.44
24. Licence Fees		1.14	0.49
25. Bad Debts		1.08	3.40
26. Product Warranty Expenses		2.32	2.23
27. Late Delivery Charges		2.09	8.05
28. Inspection Charges		1.86	1.09
29. Water Charges		1.49	1.61
30. Office Expenses		1.31	2.13
31. Electricity Expenses		0.84	0.95
32. Central Excise Duty and CVD		3.06	2.19
33. Sales tax		0.20	5.29
34. Service tax		1.18	1.71
35. Garden Expenses		0.91	1.09
36. Festival Celebration Expenses		0.82	0.78
37. Amalgamation Expenses		0.00	0.66
38. Loss on Sale of Assets		2.58	0.64
39. Loss on Exchange Rate Fluctuation		0.00	445.96
40. General / Miscellaneous Expenses		6.15	3.98
TOTAL :		630.81	952.22
SCHEDULE : 14 INTEREST EXPENSES			
A. To Banks			
- For Cash Credit and Working Capital		0.00	4.58
- For Short Term Loan		0.00	2.55
- For Inland / Foreign Bills Discounting		0.00	0.31
- For Others		0.01	0.02
		0.01	7.46
B. To Others			
		0.23	0.16
TOTAL :		0.24	7.62



SCHEDULE :15 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 / sold 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 and construction expenditure.

5) Depreciation :

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

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.

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

10) Central Excise Duty :

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

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 – 16 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 ₹ 10/- each at a premium of ₹ 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 :

(₹ Millions)

Particulars	Amount
Money Raised	1250.00
Income earned on Unutilised Money	224.87
Total	1474.87
Amount Utilised for Capital Expenditure and General Corporate purposes.	1474.87
Amount Unutilised as on 31-3-2011	Nil

2. 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.

3. 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 :

(₹ Millions)

	2010-11
Employer's Contribution to Provident Fund	16.67

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:

(₹ Millions)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Defined Benefit obligation at beginning of the year	59.93	51.00	23.57	17.78
Current Service Cost	5.51	4.60	3.25	2.48
Interest Cost	4.94	4.20	1.94	1.29
Actuarial (gain) / Loss	5.86	0.71	(0.14)	4.02
Benefits paid	(2.76)	(0.58)	(3.44)	(2.00)
Defined Benefit obligation at year end	73.48	59.93	25.18	23.57

ii. Reconciliation of opening and closing balances of fair value of plan assets: (₹ Millions)

	Gratuity (Funded)			
	2010-11	2009-10	2010-11	2009-10
Fair value of plan assets at beginning of the year	59.49	49.59		
Expected return on plan assets	4.96	4.51		
Actuarial gain / (loss)	0.63	(1.50)		
Employer contribution	0.44	7.47		
Benefits paid	(2.76)	(0.58)		
Fair Value of plan assets at year end	62.76	59.49		
Actual return on plan assets	5.59	3.01		
			Not applicable as leave Liability is not funded	

iii. Reconciliation of fair value of assets and obligations: (₹ Millions)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Fair value of plan assets	62.76	59.49	0.00	0.00
Present value of obligation	73.48	59.93	25.18	23.57
Amount recognized in Balance Sheet	10.72	0.44	25.18	23.57

iv. Expense recognized during the year (₹ Millions)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	5.51	4.60	3.25	2.48
Interest Cost	4.94	4.21	1.94	1.29
Expected return on plan assets	(4.96)	(4.51)	—	—
Actuarial (gain) / loss	5.23	2.21	(0.14)	3.66
Net cost	10.72	6.51	5.05	7.43

v. Investment Details:

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Government of India Securities	15%	18%		
Public Securities	33%	40%		
Special Deposit Schemes	NIL	NIL		
State Government Securities	8%	11%		
Private Sector Securities	NIL	NIL		
Insurance Policies	44%	31%		
Others	NIL	NIL		
			Not applicable as leave Liability is not funded	

vi. Actuarial assumptions:

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Discount rate Expected rate of return	8.25%	8.25%	8.25%	8.25%
Expected rate of return	8.50%	8.50%	—	—
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:**(₹ Millions)**

Particulars	Year ended 31st March, 2011
Revenue by Geographical Segment	
India	4346.30
Outside India	5671.72
Addition to Fixed Assets and Intangible Assets	
India	731.79
Outside India	NIL
Carrying amount of Fixed Assets (Net)	
India	2558.86
Outside India	NIL

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

Sales	9610.80
Other income	407.22

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

(i) Subsidiaries :

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

(ii) Relatives of Key Management Personnel :

- 1 Hotel Gulmarg
- 2 L.D.M. X-ray Clinic
- 3 K.M.Shah Nursing home
- 4 Mrs. Giraben K. Shah
- 5 Mrs. Gita 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, 2011:

(₹ Millions)

Sr.No	Nature of Transaction	Subsidiaries	Relatives of Key Management Personnel	Key Management Personnel
1	Sales of Goods	5679.68	NIL	NIL
2	Miscellaneous receipt of Income	1.33	NIL	NIL
3	Inter Corporate Deposit placed	63.00	NIL	NIL
4	Purchase of Goods	1625.84	NIL	NIL
5	Purchase of Stores and Spares	129.68	NIL	NIL
6	Interest received on Inter Corporate Deposit	1.90	NIL	NIL
7	Recovery of Travelling Expenses	5.59	NIL	NIL
8	Recovery of Clearing & Forwarding Charges on Exports	2.88	NIL	NIL
9	Commission Expense on Purchases	NIL	1.17	NIL
10	Commission Expense on Sales	NIL	2.65	NIL
11	Retainership / Professional Fees Expenses	NIL	1.83	NIL
12	Salary, Bonus & Perquisites Expenses	NIL	0.14	NIL
13	Rent, Rates & Taxes Expenses	NIL	0.52	NIL
14	Repairs & Maintenance of Equipments	NIL	0.96	NIL
15	Travelling Expenses	0.13	0.35	NIL
16	Freight Outward (Exports) Expenses	0.38	NIL	NIL
17	Dividend received	0.91	NIL	NIL
18	Directors' Remuneration and perquisites	NIL	NIL	6.96
	GRAND TOTAL	7511.32	7.62	6.96
	Balance Outstanding at the year end (Receivable)	1394.85	NIL	NIL
	Balance Outstanding at the year end (Payable)	NIL	0.35	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:

(₹ Millions)

Sr.No.	Description	Related Parties	Amount
1	Sales of Goods	Vega Industries (Middle East) FZE	5663.96
2	Miscellaneous receipt of Income	Vega Industries (Middle East) FZE Vega Industries Limited, U.K.	0.89 0.44
3	Inter Corporate Deposit placed	DCPL Foundries Pvt.Ltd.	63.00
4	Purchase of Goods	Welcast Steels Limited	1560.55
5	Purchase of Stores and Spares	Vega Industries Limited, USA	124.79
6	Interest received on Inter Corporate Deposit	DCPL Foundries Pvt.Ltd.	1.90
7	Recovery of Travelling Expenses	Vega Industries (Middle East) FZE	5.59
8	Recovery of Clearing & Forwarding Charges on Exports	Vega Industries (Middle East) FZE	2.88
9	Commission Expense on Purchases	AB Tradelink Pvt. Ltd.	1.17
10	Commission Expense on Sales	Powertec Engineering Pvt. Ltd.	2.65
11	Retainership / Professional Fees Expenses	Powertec Engineering Pvt. Ltd.	1.83
12	Salary, Bonus & Perquisites Expenses	Mrs. Gita B. Shah	0.14
13	Rent, Rates & Taxes Expenses	Mrs. Gita B. Shah Mrs. Giraben K. Shah	0.30 0.14
14	Repairs & Maintenance of Equipments	Powertec Engineering Pvt. Ltd.	0.96
15	Travelling Expenses	AB Tradelink Pvt. Ltd. Vega Industries (Middle East) FZE	0.35 0.13
16	Freight Outward (Exports) Expenses	DCPL Foundries Pvt.Ltd.	0.38
17	Dividend received	Welcast Steels Ltd.	0.91
18	Directors' Remuneration and perquisites	Mr. Bhadresh K. Shah	6.96



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

		2010-11	2009-10
Profit attributable to the Equity Shareholders (₹ Millions)	A	1297.49	1225.62
Basic / Weighted average number of Equity Shares outstanding during the period	B	94320370	94320370
Nominal value of Equity Shares (₹)		2	2
Basic/Diluted Earnings per Share (₹)	A/B	13.76	12.99

7. Deferred Tax Liability comprises of timing differences on account of : (₹ Millions)

	As at 31st March, 2011	As at 31st March, 2010
Depreciation	166.24	142.01
Leave Encashment	(8.36)	(8.01)
Others	0.07	(0.27)
Total	157.95	133.73

8. Contingent Liabilities not provided for in Accounts : (₹ Millions)

	As at 31st March 2011	As at 31st March 2010
a Bank Guarantees Outstanding	475.38	311.48
b Corporate Guarantees Outstanding to Customers	108.78	106.08
c Guarantees given by the Company on behalf of Subsidiaries	30.75	133.87
d Estimated amount of unexecuted Capital Contracts (Net of Advances) not provided for.	69.64	35.03
e Claims against the Company / Disputed Liabilities not acknowledged as Debts		
i) Central Excise & Service Tax	147.72	118.05
ii) Income Tax	165.31	17.13
iii) Sales Tax / Central Sales Tax	7.41	14.71
iv) E.S.I.C.	Nil	0.12
Total	1004.99	736.47

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 31-3-2011 are as under:

Currency	Exposure to Buy/Sell	No. of contracts	As at the year end	
			₹ Millions	Foreign currency
US Dollar (Previous year)	Sell	4 (5)	2101.44 (3819.05)	47250000 (85000000)
Euro (Previous year)	Sell	Nil (2)	Nil (424.97)	Nil (7000000)

The notional marked-to-market loss on these unexpired contracts as on 31-3-2011 amounting to ₹ 128.22 Millions 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. (₹ Millions)

	As at 31st March, 2011	As at 31st March, 2010
Payables against import of goods and services		
₹ Millions	4.30	16.93
US Dollar	68572	369490
Euro	19280	668
Switzerland Francs	691	NIL
Advance payment to suppliers and for Expenses		
₹ Millions	30.53	5.21
US Dollar	378971	81388
Switzerland Francs	NIL	15000
Euro	184441	10625
United Kingdom Pounds	28277	NIL

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 - High Chrome Mill Internals (Castings) sold:

	2010-11		2009-10	
	M.T.	₹ Millions	M.T.	₹ Millions
Own Manufacturing	84869.211	7653.57	71951.159	6803.88
Job Conversion	NIL	NIL	24.160	1.21

B) Directors' Remuneration : (₹ Millions)

	2010-11	2009-10
i) Remuneration (includes ₹ NIL paid to the Directors of erstwhile Reclamation Welding Limited) (Previous Year ₹ 199517)	6.00	6.20
ii) Perquisites / benefits in cash & kind	0.96	0.33
iii) Director's Sitting Fees	0.36	0.24
Total	7.32	6.77

C) Auditors' Remuneration : (₹ Millions)

	2010-11	2009-10
a) Audit Fees	0.90	0.90
b) Tax Audit Fees	0.10	0.10
c) For Taxation matters	0.20	0.20
d) For Certification and other services	0.22	0.39

D) Quantitative information of Goods manufactured – High Chrome Mill Internals (Castings):

Capacity, Production etc.	2010-11		2009-10	
	M.T.	₹ Millions	M.T.	₹ Millions
a) Licensed Capacity		Not Applicable		Not Applicable
b) Installed Capacity (As certified by the Management)	155000.000	—	130000.000	—
c) Actual Production				
Manufacturing	86025.587	—	71339.92	—
Job Conversion	NIL	—	24.160	—

E) Quantitative information of Trading activity – High Chrome Mill Internals (Castings):

	2010-11		2009-10	
	M.T.	₹ Millions	M.T.	₹ Millions
a) Opening Stock	NIL	NIL	NIL	NIL
b) Purchases	29623.900	1600.22	20833.500	901.13
c) Sales	29623.900	1680.65	20833.500	1048.99
d) Closing Stock	NIL	NIL	NIL	NIL


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

	2010-11		2009-10	
	M.T.	₹ Millions	M.T.	₹ Millions
1 Raw Materials - Scrap	8489.335	204.68	10754.244	73.82
2 Raw Materials – Ferro Alloys	5813.426	454.27	4926.772	88.57
3 Stores	—	197.74	—	37.50
4 Capital Goods	—	37.48	—	5.93

G) Expenditure in Foreign Currency :

(₹ Millions)

	2010-11	2009-10
1 Travelling Expenses	5.06	5.36
2 Professional Fees	24.63	4.09
3 Subscription & Membership	0.05	0.21
4 Others	0.71	0.79
TOTAL	30.45	10.45

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

	2010-11		2009-10	
	M.T.	₹ Millions	M.T.	₹ Millions
a) Raw Materials				
1 Imported - Scrap	9258.975	218.89	10146.788	169.88
Percentage		7.09%		7.97%
2 Imported - Ferro Alloys	5257.046	382.68	4495.713	163.94
Percentage		12.40%		7.70%
3 Indigenous - Scrap	60313.276	1276.03	52839.037	1075.16
Percentage		41.33%		50.47%
4 Indigenous - Ferro Alloys	15977.437	1209.68	13284.587	721.37
Percentage		39.18%		33.86%
TOTAL	90806.734	3087.28	80766.125	2130.35
b) Stores & Spares				
1 Imported -	—	166.64	—	166.15
Percentage		13.28%		16.69%
2 Indigenous -	—	1088.56	—	829.53
Percentage		86.72%		83.31%
TOTAL	—	1255.20	—	995.68

I) Remittance in Foreign Currency on account of Dividend:

Description	2010-11	2009-10
a) Year to which the Dividend relates	2009-10	2008-09
b) Number of Non-Resident Shareholders	NIL	One
c) Number of Equity Shares held by Non-Resident Shareholders	NIL	4159400
d) Amount Remitted (₹ Millions)	NIL	7.90

J) Earning in Foreign Exchange :

(₹ Millions)

	2010-11	2009-10
Export of Goods	5671.72	4102.61

11. Previous year's figures have been reworked, reclassified, regrouped and rearranged wherever necessary.

12. Secured sectioned loans are secured by paripasu charge in favour of State Bank of India and The Royal Bank of Scotland on Company's movable and immovable properties both present and future by way of hypothecation and mortgage.



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

Sr. No.	Name of the Subsidiary Company	Welcast Steels Limited, Bangalore	Vega Industries (Middle East) F.Z.E., Ajman, U.A.E.	Vega Industries Ltd., U.K.	Vega Industries Ltd., U.S.A.	Vega Steel Industries (RSA) PTY Ltd., South Africa	DCPL Foundries Private Limited, Trichy	Wuxi Weigejia Trade Co. Ltd., China
1.	The Financial Year of the Subsidiary Company ended on	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
2(a)	No. of Equity Shares held by AIA Engineering Ltd. in the Subsidiary as at the end of the Financial Year of the Subsidiary.	456881 Equity Shares of ₹ 10/- each fully paid-up	32500 Shares of US\$ 10/- each fully paid-up	10000 Ordinary Shares of Pound 1 each fully paid-up	50000 Shares of US \$ 1 each fully paid-up	100 Shares of Rand 1 each paid-up	7,00,000 Equity Shares of Rs.10 each fully paid-up	—
(b)	Capital and Reserves of Subsidiary at the end of the Financial Year of Subsidiary i) Capital ii) Reserves and Surplus	₹ 6.38 Millions ₹ 230.57 Millions	US \$ 3,25,000 US \$ 4,04,90,095	₹ 10,000 ₹ 19,52,243	US \$ 50,000 US \$ 8,13,846	R100 Rand 34,13,149	₹ 10.00 Millions ₹ (18.80) Millions	CNY 398660.49 CNY (338577.20)
(c)	Extent of interest of AIA Engineering. Ltd. in the Equity Capital of the Subsidiary at the end of the Financial Year of the Subsidiary.	71.59%	100%	100%** By Vega Industries (Middle East) F.Z.E.	100%** By Vega Industries Ltd. U.K.	100%** By Vega Industries (Middle East) F.Z.E.	70%	100%** By Vega Industries (Middle East) F.Z.E.
3.	The net aggregate amount of Profits of the Subsidiary so far as they concern the members of the AIA Engineering Ltd.							
(a)	Not dealt with in the accounts of AIA Engineering Ltd.							
*	For the Subsidiary's Financial Year ended on 31st March, 2011.	₹ 26.64 Millions	US \$ 1,16,59,640	₹ 1,34,842	US \$ 1,97,555	Rand 35,49,836	₹ (18.80) Millions	CNY(338577.20)
*	For the previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	₹ 121.91 Millions	US \$ 2,88,30,455	₹ 17,34,203	US \$ 5,15,617	Rand (1,36,687)	NIL	NIL
(b)	Dealt with in the accounts of AIA Engineering Ltd.							
*	For the Subsidiary's Financial Year ended on 31st March 2011.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
*	For previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Place : Ahmedabad
Date : 30th May, 2011

(RAJENDRA S. SHAH)
Chairman

(BHADRESH K. SHAH)
Managing Director

(BHUPENDRA A. SHAH)
Director

(S. N. JETHELIYA)
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the attached Consolidated Balance Sheet of AIA Engineering Limited ("the Company") and its Subsidiaries (collectively referred as 'the AIA Group') as at 31st March, 2011 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 ₹ 4615.86 Millions as at 31st March, 2011, total revenue of ₹ 9331.58 Millions and net cash out flow amounting to ₹ 147.87 Millions 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, 2011;
 - (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;

Note 9(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 31-03-2011 amounting to ₹ 143.42 Millions has not been considered in the financial statements.

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

(Anand Sharma)
Partner
Membership No. 129033

Place : AHMEDABAD
Date : 30th May, 2011



AIA ENGINEERING LIMITED - CONSOLIDATED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

	Schedule	As at	
		31st March, 2011	As at 31st March, 2010
		₹ Millions	₹ Millions
SOURCES OF FUNDS :-			
1. SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	188.64	188.64
(b) Reserves and Surplus	2	10332.59	8832.20
			10521.23
2. MINORITY INTEREST			
			64.67
3. LOAN FUNDS :			
(a) Secured Loans	3	169.08	65.67
(b) Unsecured Loans	4	42.44	16.35
			211.52
4. DEFERRED TAX LIABILITIES (NET)			
	5		152.37
TOTAL :			10949.79
			9279.92
APPLICATION OF FUNDS :-			
1. FIXED ASSETS :			
(a) Gross Block	6	4102.12	3349.17
(b) Less : Depreciation		1278.84	1033.74
Net Block		2823.28	2315.43
(c) Capital Work In Progress		151.64	112.00
			2974.92
2. INVESTMENTS			
	7		1501.34
3. CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Interest accrued on Investments	8	0.77	9.63
(b) Inventories		2367.47	1531.85
(c) Sundry Debtors		3583.00	2132.79
(d) Cash and Bank Balances		1530.59	2093.05
(e) Loans and Advances		3968.75	3349.45
		11450.58	9116.77
Less : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	9	1526.84	925.98
(b) Provisions		3450.21	2752.91
		4977.05	3678.89
NET CURRENT ASSETS			6473.53
TOTAL :			10949.79
			9279.92

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

As per our report of even date attached.

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

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	Year ended 31st March, 2011		Year ended
		₹ Millions	₹ Millions	31st March, 2010 ₹ Millions
INCOME :-				
Gross Sales	10	11940.97		9868.01
Less: Central Excise Duty		571.55		371.00
Net Sales			11369.42	9497.01
Other Income	11		489.77	322.42
Increase / (Decrease) in Stock	12		704.53	(76.46)
TOTAL :			12563.72	9742.97
EXPENDITURE :-				
Trading Purchases	13	638.64		399.73
Raw material & Stores Consumption	13	5943.69		3989.13
Manufacturing Expenses	13	1800.96		1227.66
Employees Emoluments	14	509.89		433.33
Administrative and Other Expenses	15	294.16		579.58
Selling & Distribution Expenses	16	638.76		502.41
Interest Expenses	17	18.58		13.99
Depreciation	6	253.97		227.09
TOTAL :			10098.65	7372.92
PROFIT BEFORE TAXES			2465.07	2370.05
PROVISION FOR TAXES :-				
a) Current Tax		604.51		630.88
b) Deferred Tax		24.80		26.80
c) Income tax adjustment of earlier years		(0.06)		1.38
TOTAL TAX (a+b+c)			629.25	659.06
PROFIT AFTER TAXES			1835.82	1710.99
LESS : MINORITY INTEREST			1.93	3.62
PROFIT AFTER MINORITY INTEREST			1833.89	1707.37
Prior period Adjustment			0.03	0.02
Profit after adjustment			1833.92	1707.39
Add: Surplus Brought from Previous Year			5569.75	4250.68
PROFIT AVAILABLE FOR APPROPRIATIONS			7403.67	5958.07
Appropriations:				
Interim Dividend on Equity Shares		0.00		75.46
Proposed Dividend on Equity Shares		284.24		161.62
Corporate Tax on Dividend on Equity Shares		45.96		39.52
Transferred to General Reserve		132.25		125.06
			462.45	401.66
Balance carried to Balance Sheet			6941.22	5556.41
Basic and Diluted Earning Per Equity Share of ₹ 2/- each (Point Note No 6 of Schedule 19)			19.44	18.10

Significant Accounting Policies 18

Notes forming parts of the Accounts 19

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

As per our report of even date attached.

For **TALATI & TALATI**

Chartered Accountants

(Firm Regn. No. 110758W)

ANAND SHARMA

Partner

Membership No. 129033

Place : AHMEDABAD

Date : 30th May, 2011

For and on behalf of the Board of Directors,
(RAJENDRA S.SHAH)

Chairman

(BHADRESH K.SHAH)

Managing Director

(BHUPENDRA A.SHAH)

Director

(S .N.JETHELIYA)

Company Secretary

Place : AHMEDABAD

Date : 30th May, 2011



AIA ENGINEERING LIMITED - CONSOLIDATED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Year Ended 31st March, 2011 ₹ Millions	Year Ended 31st March, 2010 ₹ Millions
CASH FLOW FROM OPERATING ACTIVITIES:		
A. NET PROFIT BEFORE TAX	2465.10	2370.08
Add / (Less) : Adjustments for		
Depreciation	253.97	227.09
Effect of Exchange Rate Change	68.24	(142.44)
Net Prior Period Adjustments	(0.03)	0.00
Interest and Finance Charges	18.58	13.98
Interest Income	(35.75)	(117.50)
Profit on Sale of Assets	(1.83)	(0.38)
Dividend on Shares	(0.91)	(0.91)
Dividend on Mutual Fund	(90.56)	(32.91)
Profit on Sale of Investments	(11.67)	0.00
Loss on Sale of Assets	6.35	0.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>2,671.49</u>	<u>2,317.65</u>
(Increase) / Decrease in Current Assets		
Trade and other Receivables	(1456.60)	(417.07)
Inventories	(835.62)	(139.23)
Trade Payables	659.22	123.85
CASH GENERATED FROM OPERATION	<u>1,038.49</u>	<u>1,885.20</u>
Direct Taxes paid	(689.28)	(582.09)
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	<u>349.21</u>	<u>1,303.11</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	(44.61)	117.50
Dividend Received	91.48	33.82
Purchase of Fixed Assets	(811.79)	(277.93)
Purchase of Investments	(1379.06)	(1083.05)
Sale of Fixed Assets	5.68	2.98
Sale of Investment	1303.99	82.26
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)	<u>(834.31)</u>	<u>(1,124.42)</u>
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Proceeds from Secured Borrowings	103.42	(358.95)
Payment for other Borrowings	26.09	(0.57)
Interest and Finance Charges paid	(18.58)	(13.98)
Final and Interim Dividend paid (including Tax)	(188.31)	(299.44)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)	<u>(77.38)</u>	<u>(672.94)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(562.48)	(494.25)
Cash and Cash Equivalents as at 1st April	2093.05	2587.30
Add: Opening Cash and Cash Equivalents balance of the new Subsidiaries	0.02	0.00
Cash and Cash Equivalents as at 31st March	1530.59	2093.05
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>(562.48)</u>	<u>(494.25)</u>

Note : Cash and Cash Equivalents include balances with Scheduled Banks on Dividend Accounts ₹ 0.05 Millions (Previous Year ₹ 0.06 Millions) 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 **TALATI & TALATI**
Chartered Accountants
(Firm Regn. No. 110758W)

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011

SCHEDULES 1 TO 9 FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 1 SHARE CAPITAL		
AUTHORISED :		
230000000 Equity Shares of ₹ 2/- each (Previous Year 230000000 Equity Shares of ₹ 2/- each) Face Value of ₹ 10/- Splitted into Face Value of ₹ 2/- each w.e.f. 21st Oct., 2008	460.00	460.00
TOTAL :	460.00	460.00
ISSUED, SUBSCRIBED & PAID UP :		
94320370 Equity Shares of ₹ 2/- each fully paid up (Previous Year 94320370 Equity Shares of ₹ 2/- each fully paid up) Out of the above :	188.64	188.64
336430 Equity Shares (Previous Year 336430) of ₹ 2/- each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd.pursuant to the Scheme of Amalgamation with the Company during the year 2009		
52305520 Equity Shares (Previous Year 52305520) have been issued as fully paid-up Bonus Shares by way of Capitalization of Securities Premium Account during the year 2005		
TOTAL :	188.64	188.64
SCHEDULE : 2 RESERVES AND SURPLUS		
A. Capital Redemption Reserve	192.57	192.57
B. Securities Premium	2662.73	2662.73
C. General Reserve	508.34	383.28
Add : Transferred from Profit and Loss Account	132.25	125.06
	640.59	508.34
D. Revaluation Reserve	1.52	1.40
Add : Excess Withdrawing in earlier years.	0.00	0.32
Less: Withdrawals on account of Depreciation	0.12	0.20
	1.40	1.52
E. Profit and Loss Account		
Profit and Loss Account	6895.97	5569.75
F. Foreign Currency Translation /Fluctuation Reserve	20.58	(34.64)
	10413.84	8900.27
Less: Adjustment on Account of Consolidation	81.25	68.07
TOTAL :	10332.59	8832.20
SCHEDULE : 3 SECURED LOANS		
A. TERM LOAN :		
From Banks	62.80	9.54
(Repayable within 1 year ₹ 6 Millions (Previous Year ₹ 6 Millions)		
B. WORKING CAPITAL FACILITIES :		
From Banks	106.28	56.13
TOTAL :	169.08	65.67

TERM LOAN :
DCPL Foundries Pvt. Ltd. (DFPL) (Funded by Andhra Bank)

- Secured by hypothecation of Plant & Machinery

Welcast Steels Limited (WSL) (Funded by State Bank of India)

- Secured by hypothecation of Plant & Machinery to the extent funded.

WORKING CAPITAL FACILITIES :
DCPL Foundries Pvt. Ltd. (DFPL) (Funded by Andhra Bank)

- Secured by hypothecation of Equipments & Accessories, Book Debts and Inventories.

Welcast Steels Limited (WSL) (Funded by Canara Bank)

- Secured by hypothecation of Plant & Machinery to the extent funded by them, Equipments & Accessories, Book Debts and Inventories.

Both loans of DFPL are collaterally secured by way of mortgage of Land and Building and personally guaranteed by two of the Directors.

Both loans of WSL are secured by way of mortgage of Land and Building on paripassu basis with State Bank of India and Canara Bank.

AIA Engineering Ltd.:

Credit Facilities are secured by paripassu charge in favour of State Bank of India and The Royal Bank of Scotland N.V.on the Company's moveable and immovable properties both present and future by way of hypothecation and mortgage.



AIA ENGINEERING LIMITED - CONSOLIDATED

	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 4 UNSECURED LOANS		
Inter Corporate Deposits from AIA & DCPL	27.00	0.00
From State Government	15.44	16.35
Deferred Sales Tax under package scheme of Incentives 1993 of Government of Maharashtra for erstwhile Paramount Centrispun Castings Pvt. Ltd.		
TOTAL :	42.44	16.35
SCHEDULE : 5 DEFERRED TAX LIABILITIES (NET)		
A. DEFERRED TAX LIABILITIES :		
Arising on account of timing difference	162.09	133.73
Less :		
B. DEFERRED TAX ASSETS :		
Arising on account of timing difference	9.72	16.87
TOTAL : (A - B)	152.37	116.86

SCHEDULE : 6 FIXED ASSETS

(₹ Millions)

Sr. No.	Name of the Fixed Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As At 01-04-2010	Addition	Sales / Adjust- ment	As At 31-03-2011	As At 01-04-2010	For the Year	Net Adjustment	As At 31-03-2011	As At 31-03-2011	As At 31-03-2010
A Intangible Assets :											
1	Goodwill	142.15	0.00	0.04	142.11	2.87	0.00	0.01	2.86	139.25	139.28
2	Patents And Copyrights	0.24	0.21	0.00	0.45	0.08	0.01	0.00	0.09	0.36	0.16
	Sub Total (A) :	142.39	0.21	0.04	142.56	2.95	0.01	0.01	2.95	139.61	139.44
B Tangible Assets :											
1	Leasehold Land	0.67	0.38	0.00	1.05	0.00	0.00	0.00	0.00	1.05	0.67
2	Freehold Land	120.45	67.04	0.00	187.49	0.00	0.00	0.00	0.00	187.49	120.45
3	Buildings	921.00	224.89	1.10	1144.79	120.59	35.56	(0.08)	156.23	988.56	800.41
4	Plant And Machineries	1824.61	397.52	10.08	2212.05	784.15	183.63	4.33	963.45	1248.60	1040.46
5	Electrical Installations	120.94	15.21	1.90	134.25	30.71	12.89	0.75	42.85	91.40	90.23
6	Furniture And Fixtures	81.85	9.70	0.15	91.40	29.44	5.49	0.06	34.87	56.53	52.41
7	Office Equipments	10.18	5.32	0.08	15.42	7.90	1.32	0.08	9.14	6.28	2.28
8	Vehicles	52.80	9.46	5.24	57.02	20.49	5.17	3.35	22.31	34.71	32.31
9	Laboratory Equipments	32.68	31.65	0.00	64.33	16.87	4.32	0.10	21.09	43.24	15.81
10	Computers	35.49	7.10	0.61	41.98	19.82	4.56	0.39	23.99	17.99	15.67
11	Software	6.11	3.67	0.00	9.78	0.82	1.14	0.00	1.96	7.82	5.29
	Sub Total (B) :	3206.78	771.94	19.16	3959.56	1030.79	254.08	8.98	1275.89	2683.67	2175.99
	Total (A+B)	3349.17	772.15	19.20	4102.12	1033.74	254.09	8.99	1278.84	2823.28	2315.43
C Capital Work In Progress											
		112.00	150.14	110.50	151.64	0.00	0.00	0.00	0.00	151.64	112.00
	Grand Total 2010-11	3461.17	922.29	129.70	4253.76	1033.74	254.09	8.99	1278.84	2974.92	2427.43
	Total Previous Year 2009-10	3193.70	344.73	77.26	3461.17	810.85	227.09	4.20	1033.74	2427.43	2382.85

	As at 31st March, 2011 ₹ Millions	As at 31st March, 2010 ₹ Millions
SCHEDULE : 7 INVESTMENTS (AT COST)		
INVESTMENT IN OTHER COMPANIES :		
25 Equity Shares of Koramangla Properties Pvt. Ltd.of ₹ 100/-each fully paid up (Previous year 25 Equity Shares)	0.00	0.00
INVESTMENT IN GOVERNMENT SECURITIES :		
National Savings Certificates	0.01	0.01
CURRENT INVESTMENT IN MUTUAL FUND UNITS : (UNQUOTED)	1501.33	1414.60
TOTAL :	1501.34	1414.61
SCHEDULE : 8 CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS :		
A. INTEREST ACCRUED ON INVESTMENTS	0.77	9.63
B. INVENTORIES (As taken, valued & certified by the Directors) (At Lower of Cost or Net Realisable Value)		
Raw Materials (Including Stock in Transit ₹ 55.79 Millions Previous year ₹ 89.48 Millions)	574.02	503.00
Stores & Spares (Including Stock in Transit ₹ 11.51 Millions Previous year ₹ 22.87 Millions)	264.78	202.60
Work-In Process	656.45	430.68
Finished Goods	871.46	394.81
DEPB Licence on hand	0.76	0.76
	2367.47	1531.85
C. SUNDRY DEBTORS (Unsecured, Considered Good)		
a) Debts outstanding for a period exceeding six months	194.74	60.05
b) Others	3388.26	2072.74
	3583.00	2132.79
D. CASH AND BANK BALANCES		
a) Cash on hand	1.24	0.80
b) Balance with Scheduled Banks		
i) In Fixed Deposit	514.52	684.69
ii) In Current Accounts (Including Remittances in transit ₹ 155.34 Millions. Previous year NIL)	1014.83	1396.66
iii) In Current Accounts-Unutilized money of QIP	0.00	10.90
	1530.59	2093.05
LOANS & ADVANCES : (Unsecured, Considered Good)		
A) Advances recoverable in cash or in kind or for value to be received	363.00	383.21
B) Inter Corporate Deposits	0.20	0.00
C) Sundry Deposits and Advances	122.41	216.46
D) Loans and Advances to Staff	31.77	22.95
E) Balance with Central Government Authorities	396.54	284.91
F) Advance Income Tax & Tax deducted at source & Fringe Benefit Tax	3054.83	2441.92
	3968.75	3349.45
TOTAL :	11450.58	9116.77



AIA ENGINEERING LIMITED - CONSOLIDATED

	As at		As at
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 9 CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES :			
a) Sundry Creditors		1328.72	223.45
b) Other Liabilities		29.30	546.78
c) Unclaimed Equity Dividend		0.50	0.60
d) Statutory Liabilities		23.98	14.59
e) Advances from Customers		144.34	140.56
		<u>1526.84</u>	<u>925.98</u>
PROVISIONS :			
a) Provision for Income Tax & Fringe Benefit Tax		3005.36	2477.26
b) Proposed Dividend on Equity Shares		284.24	161.62
c) Provision for Corporate Tax on Dividend on Equity Shares		45.96	26.69
d) Provision for Expenses		74.91	59.10
e) Provision for Product Warranties Claim		3.00	2.12
f) Provision for Leave Encashment & Gratuity		36.74	26.12
		<u>3450.21</u>	<u>2752.91</u>
TOTAL :		<u>4977.05</u>	<u>3678.89</u>

SCHEDULES 10 TO 17 FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2011

	Year ended		Year ended
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 10 SALES			
A. Sales In India	5018.85		4657.84
B. Sales Outside India	6922.12		5210.17
		<u>11940.97</u>	<u>9868.01</u>
Gross Sales			
Less: Central Excise Duty:		571.55	371.00
NET SALES:		<u>11369.42</u>	<u>9497.01</u>
SCHEDULE : 11 OTHER INCOME			
A. Interest (Gross)		35.75	117.50
B. Miscellaneous Receipts		49.40	6.42
C. Dividend From Subsidiary		0.91	0.91
D. Dividend From Mutual Fund		90.56	32.91
E. Profit on Sale of Assets		1.83	0.38
F. Exports Incentives		243.92	146.45
G. Insurance claim Received		2.00	2.08
H. Gain on Exchange Rate Fluctuation		53.61	0.00
I. Profit on sale of Mutual Fund Units		11.67	0.01
J. Sundry Balances written Back		0.12	15.76
TOTAL :		<u>489.77</u>	<u>322.42</u>

	Year ended		Year ended
	31st March, 2011	31st March, 2010	31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 12 INCREASE / (DECREASE) IN STOCK			
A. Closing Stock :			
: Work In Process	656.45		430.68
: Finished Goods	890.43		413.76
		1546.88	844.44
Less :			
B. Opening Stock :			
: Work In Process	433.46		478.95
: Finished Goods	408.89		441.95
		842.35	920.90
TOTAL :		704.53	(76.46)
SCHEDULE : 13 MANUFACTURING EXPENSES			
A. RAW MATERIALS CONSUMED			
Opening Stock	500.22		303.81
Add : Purchases	4707.23		3268.27
Sub Total	5207.45		3572.08
Less : Closing Stock	574.02		503.00
Raw Materials Consumed		4633.43	3069.08
B. STORES CONSUMED			
Opening Stock	202.60		143.61
Add : Purchases	1372.44		979.04
Sub Total	1575.04		1122.65
Less : Closing Stock	264.78		202.60
Stores Consumed		1310.26	920.05
C. Trading purchases		638.64	399.73
OTHER MANUFACTURING EXPENSES			
a) Power and Fuel	1123.15		891.53
b) Labour Charges	296.81		244.91
c) Job Conversion Charges	184.51		0.00
d) Freight Inward, Octroi and Coolies, Cartages	142.26		50.66
e) Other manufacturing Expenses	0.58		1.89
		1747.31	1188.99
f) Repairs and Maintenance			
- To Plant and Machineries	35.41		22.87
- To Buildings	9.68		7.46
- To Other Assets	8.56		8.34
		53.65	38.67
TOTAL :		8383.29	5616.52
SCHEDULE : 14 EMPLOYEES EMOLUMENTS / PAYMENT TO & PROVISIONS FOR EMPLOYEES			
a) Salaries, Wages and Bonus		453.88	394.38
b) Contribution to Provident Fund /ESIC/ Gratuity		41.06	29.99
c) Staff Welfare Expenses		14.95	8.96
TOTAL :		509.89	433.33



AIA ENGINEERING LIMITED - CONSOLIDATED

	Year ended 31st March, 2011		Year ended 31st March, 2010
	₹ Millions	₹ Millions	₹ Millions
SCHEDULE : 15 ADMINISTRATIVE AND OTHER EXPENSES			
1. Insurance Premium Expenses		15.79	14.48
2. Rent, Rates and Taxes		16.02	13.20
3. Service Charges		0.25	0.25
4. Directors' Remuneration and Perquisites		11.92	13.19
4. Directors' Sitting Fees		0.48	0.34
5. Traveling Expenses -Others		1.21	1.47
6. Statutory Audit Fees		4.46	2.74
7. Legal and Professional Consultancy Fees		115.18	106.04
8. Bank Commission Charges		23.24	18.95
9. Printing and Stationery Expenses		7.05	4.91
10. Postage,Telephones,Courier,Internet & E-mail		19.41	20.34
11. Computer Expenses		1.35	1.62
12. Vehicle Repairs and Maintenance		6.86	5.13
13. Conveyance Expenses		9.40	7.01
14. Security Expenses		13.57	11.57
15. Subscription and Membership Fees		0.66	0.36
16. License Fees		1.15	0.49
17. Donation Expenses		8.29	2.79
18. Advertisement Expenses		1.83	2.04
19. Bad Debts		4.48	4.98
20. Entertainment Expenses		1.59	2.29
21. Water Charges		1.49	1.61
22. Electricity Expenses		0.84	0.95
23. Sales Tax / Wealth Tax		0.20	5.30
24. Service Tax		1.18	1.71
25. Loss on Sale of Assets		6.35	0.64
26. Loss on Exchange Rate Fluctuation		0.00	318.95
27. Amalgamation Expenses		0.00	0.66
28. General / Miscellaneous Expenses		19.91	15.57
TOTAL :		294.16	579.58
SCHEDULE : 16 SELLING & DISTRIBUTION EXPENSES			
A. Freight Outward and Coolies, Cartages		461.47	301.47
B. Commission Expenses		84.95	101.74
C. Traveling Expenses			
- Directors		1.01	1.01
- Staff and Others		79.79	77.17
D. Sales Promotion Expenses		3.64	8.15
E. Other Sales Expenses		0.43	0.40
F. Warranty and LDP Expenses		4.41	10.28
G. Central Excise Duty		3.06	2.19
TOTAL :		638.76	502.41
SCHEDULE : 17 INTEREST EXPENSES			
A. To Banks			
- For Cash Credit		5.32	0.12
- For Export Packing Credit Loan		5.18	9.32
- For Term Loan		6.94	4.05
- For Inland / Foreign Bills Discounting		0.00	0.31
- For Others		0.01	0.02
		17.45	13.82
B. To Others		1.13	0.17
TOTAL :		18.58	13.99

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 cost of investments 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 31-03-2011	Shareholding as at 31-03-2010
Welcast Steels Limited, Bangalore	India	71.59%	71.59%
DCPL Foundries Pvt. Ltd., Trichy	India	70.00%	NIL
Vega Industries (Middle East) F.Z.E., UAE	U.A.E.	100%	100%
Vega Industries Limited, U.K.	U.K.	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Vega Industries Limited, U.S.A.	U.S.A.	100% by Vega Industries Limited, U.K	100% by Vega Industries Limited, U.K
Vega Steel Industries (R.S.A.)(Proprietary) Limited	South Africa	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Wuxi Weigejia Trade Co. Ltd.	China	100% by Vega Industries (Middle East) F.Z.E.	NIL

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 /sales 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.

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, Bangalore	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., U.A.E.	Equal annual installments over estimated useful lives of the assets.
3 Vega Industries Limited, U.S.A.	Straight-line method over the estimated useful lives of the assets.
4 Vega Industries Limited, U.K.	Written Down Value Method over the estimated useful lives of the assets.
5 Wuxi Weigejia Trade Co. Ltd., China	Straight-line method over the estimated useful lives of the assets.

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 payments made in respect of goods cleared.

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.



AIA ENGINEERING LIMITED - CONSOLIDATED

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 ₹ 10/- each at a premium of ₹ 1215/- per Share through Qualified Institutions Placement under Chapter XIII-A of SEBI (Disclosure & Investor Protection) Guide lines 2000 to Qualified Institutional Buyers (QIB).

The details of money raised and utilized is as under :

(₹ Millions)

Particulars	Amount
Money Raised	1250.00
Income earned on Unutilised Money	224.87
Total	1474.87
Amount Utilised for Capital Expenditure and General Corporate purposes.	1474.87
Amount Unutilised	Nil

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:

(₹ Millions)

Particulars	Year ended 31st March, 2011
Revenue by Geographical Segment	
India	4855.34
Outside India	7003.85
Addition to Fixed Assets and Intangible Assets	
India	753.01
Outside India	-0.05
Carrying amount of Fixed Assets (Net)	
India	2954.69
Outside India	20.23

Notes:

1) Geographical Segments considered for disclosures are as follows:

- Sales within India include Sales to Customers located within India.
- Sales outside India include Sales to Customers located outside India.

2) Revenue comprises

(₹ Millions)

Sales	11369.42
Other income	489.77

3. With effect from 13th December, 2010, the Company acquired 7,00,000 Equity Shares of ₹ 10/- each (70% Equity Share Capital) of DCPL Foundries Private Limited, Trichy (DFPL) which was incorporated on 24th April, 2010. This being the first year of the operation of DFPL, previous year's figures are not there.

In view of this, the Previous Year's figures of Consolidated Statements are not strictly comparable.

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:
(i) Relatives of Key Management Personnel :

- 1 Hotel Gulmarg
- 2 L.D.M. X-ray Clinic
- 3 K.M.Shah Nursing home
- 4 Mrs. Giraben K. Shah
- 5 Mrs. Gita B. Shah
- 6 AB Tradelink Pvt.Ltd.
- 7 Powertec Engineering Pvt.Ltd.

(ii) Key Management Personnel :

- 1 Mr. Bhadresh K.Shah
- 2 Dr. S. Srikumar
- 3 Mr. Pradip R. Shah
- 4 Mr. Paryank R. Shah
- 5 Mr. Jules Spede
- 6 Mr. R.A. Gilani

Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March 2011:

(₹ Millions)

Sr.No	Nature of Transaction	Relatives of Key Management Personnel	Key Management Personnel
1	Rent, Rates & Taxes paid	0.52	—
2	Retainer ship Fee paid	1.82	—
3	Commission paid	3.82	—
4	Salary, Bonus and Perquisites	0.14	—
5	Professional Charges	—	0.26
6	Repair & Maintenance of Equipments	0.96	—
7	Directors' Remuneration and perquisites	—	14.65
8	Traveling Exp.	0.35	—
Balance outstanding at the year end (Payable)		0.35	—

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

Sr. No	Nature of Transactions	Related Parties	₹ Millions
1	Rent, Rates & Taxes paid	Mrs. Gita B. Shah	0.30
		Mrs. Giraben K. Shah	0.14
2	Retainer ship Fee paid	Powertec Engineering Pvt .Ltd.	1.82
		AB Tradelink Pvt. Ltd.	1.17
3	Commission paid	Powertec Engineering Pvt.Ltd.	2.65
		Mrs. Gita B. Shah	0.14
4	Salary, Bonus and Perquisites	Mr. Pradip R. Shah	0.26
5	Professional Charges	Powertec Engineering Pvt.Ltd.	0.96
6	Repair & Maintenance of Equipments	AB Tradelink Pvt. Ltd.	0.35
7	Traveling Exp.	Mr. Bhadresh K.Shah	6.96
		Mr. Paryank R. Shah	4.63
		Mr. R. A. Gilani	2.72
8	Directors' Remuneration and perquisites		



AIA ENGINEERING LIMITED - CONSOLIDATED

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

		2010-11	2009-10
Profit attributable to the Equity Shareholders (₹ Millions)	A	1833.89	1707.42
Basic / Weighted average number of Equity Shares outstanding during the period	B	94320370	94320370
Nominal value of Equity Shares (₹)		2	2
Basic/Diluted Earnings per Share (₹)	A/B	19.44	18.10

7. Deferred Tax Liability comprises of timing differences on account of : (₹ Millions)

	As at 31-3-2011	As at 31-3-2010
Depreciation	170.38	142.01
Leave Encashment	(18.08)	(24.88)
Others	0.07	(0.27)
Total	152.37	116.86

8. Contingent Liabilities not provided for in Accounts : (₹ Millions)

PARTICULARS	As at 31-3-2011	As at 31-3-2010
a Bank Guarantees Outstanding	506.52	350.01
b Guarantees outstanding to Customers	108.78	106.08
c Guarantee given by the Holding Company on behalf of Subsidiaries	30.76	133.87
d Estimated amount of unexecuted Capital Contracts (Net of Advances) not provided for.	69.64	35.03
e Claims against the Company / Disputed Liabilities not acknowledged as Debts		
i Central Excise & Service Tax	159.38	118.05
ii Income tax	165.69	17.52
iii Sales Tax / Central Sales Tax	7.41	14.71
iv Custom duty	55.64	55.64
v E.S.I.C.	0.00	0.12
vi Interest Payable to Financial Institution	0.76	0.76
Total	1092.92	831.79

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 31.03.2011 are as under:

Currency	Exposure to Buy/Sell	No. of contracts	As at the year end	
			₹ Millions	Foreign currency
Us Dollar (AIA) (Previous year) (AIA)	Sell	4 (5)	2101.44 (3819.05)	47250000 (85000000)
Euro (AIA) (Previous year) (AIA)	Sell	Nil (2)	Nil (424.97)	Nil (700000)
Us Dollar (VEGA ME) (Previous year) (VEGA ME)	Buy	(3)	300.21 Nil	6750000 Nil
ZAR (VEGA ME) (Previous year) (VEGA ME)	Sell	(3)	313.85 Nil	48285000 Nil

The notional marked-to-market loss on these unexpired contracts of AIA Engineering Limited and Vega Industries (Middle East) FZE as on 31-3-2011 amounting to ₹ 128.22 Millions & ₹ 15.20 Millions respectively, has not been considered in the financial statements. The actual gain / loss could vary and be determined only on settlement of the contract on their respective due dates.

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

	As at 31st March, 2011	As at 31st March, 2010
Payables against import of goods and services		
Rupees - Millions	4.30	16.93
US Dollar	68572	369490
Euro	19280	668
Switzerland Francs	691	NIL
Advance payment to suppliers and for Expenses		
Rupees - Millions	30.53	5.21
US Dollar	378971	81388
Switzerland Francs	NIL	15000
Euro	184441	10625
United Kingdom Pounds	28277	NIL

10. Operating Lease Agreements:

Vega Industries Ltd. (U.S.A.) and Vega Industries Ltd. (U.K.) have entered in to a non cancelable lease agreement for one of its office spaces with the lease term expiring in April 2012.

At March 31, 2011 the future minimum rental payments under non-cancelable operating lease consist of the following:

Year Ending March 31	₹ Millions
2012	2.16
2013	1.54

Total rent expenses as on 31st March, 2011 and on 31st March, 2010 was ₹ 4.21 Millions and ₹ 3.68 Millions respectively.

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 statement.

As per our report of even date attached.

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

ANAND SHARMA
Partner
Membership No. 129033
Place : AHMEDABAD
Date : 30th May, 2011

For and on behalf of the Board of Directors,

(RAJENDRA S.SHAH)
Chairman

(BHADRESH K.SHAH)
Managing Director

(BHUPENDRA A.SHAH)
Director

(S .N.JETHELIYA)
Company Secretary

Place : AHMEDABAD
Date : 30th May, 2011



AIA ENGINEERING LIMITED - CONSOLIDATED

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

(₹ Millions)

Sr. No.	Name of Subsidiary Company	Country	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1.	Welcast Steels Limited, Bangalore	India	INR	6.38	230.57	549.48	312.53	0.001	2012.45	36.77	10.09	26.68	1.28
2.	DCPL Foundries Private Ltd., Trichy	India	INR	10.00	-18.80	233.87	242.67	NIL	195.54	-14.86	3.94	-18.80	NIL
3	Vega Industries (Middle East) F.Z.E., Ajman, U.A.E.	U.A.E.	US Dollar	14.94	1800.80	3611.25	1795.99	NIL	7147.43	530.03	NIL	530.03	NIL
4.	Vega Industries Limited, U.K.	U.K.	Pound	0.69	139.16	663.78	523.91	NIL	1249.60	13.32	3.76	9.56	NIL
5.	Vega Industries Limited, U.S.A.	U.S.A.	US Dollar	2.40	36.20	287.36	248.94	NIL	550.16	15.80	6.82	8.98	NIL
6.	Vega Steel Industries (RSA) Pty Ltd., South Africa	RSA	RAND	0.001	22.39	733.48	711.10	NIL	933.85	31.03	8.44	22.59	NIL
7.	Wuxi Weigejia Trade Co. Ltd., China	China	CNY	2.71	-2.30	0.46	0.06	NIL	0.00	-2.30	0.00	-2.30	NIL

Place : Ahmedabad

Date : 30th May, 2011

(RAJENDRA S. SHAH)

Chairman

(BHADRESH K. SHAH)

Managing Director

(BHUPENDRA A. SHAH)

Director

(S. N. JETHELIYA)

Company Secretary

NOTICE

Notice is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the members of **AIA ENGINEERING LIMITED** will be held on Friday, the 12th August, 2011 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, 2011 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 Dividend on Equity Shares for the Financial Year ended 31st March, 2011.
3. To appoint a Director in place of Mr. Bhupendra A. Shah, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. Vinod Narain, who retires by rotation and being eligible, has offered himself for re-appointment.
5. To re-appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, including any statutory modification (s) or re-enactment(s) thereof, for the time being in force, the Company hereby approves the re-appointment of Mr. Bhadresh K. Shah as Managing Director of the Company for a period of five years with effect from 01.10.2011 on the terms and conditions as set out in the in the draft agreement to be entered into by and between the Company of the one part and Mr. Bhadresh K. Shah of the other part placed before the meeting and briefed in the Explanatory Statement annexed to the Notice convening this meeting."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of re-appointment and / or remuneration as may be agreed to by the Board of Directors and Mr. Bhadresh K. Shah, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary and incidental thereto to give effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification (s) or re-enactment(s) thereof, for the time being in force, Mr. Yashwant M. Patel who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles 122 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, including any statutory modification (s) or re-enactment(s) thereof, for the time being in force, the Company hereby approves the appointment of Mr. Yashwant M. Patel as a Whole-time Director of the Company for a period of 3 years with effect from 1st April, 2011 on a consolidated remuneration of ₹ 60,000 per month."

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration as may be agreed to by the Board of Directors and Mr. Yashwant M. Patel, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary and incidental thereto to give effect to this Resolution."

8. 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 initialed by the Chairman for the purposes 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 is 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 Order of the Board of Directors,
For **AIA Engineering Limited**

Place : Ahmedabad
Date : 2nd July, 2011
Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad – 382 410

(S. N. Jetheliya)
Company Secretary

NOTES

1. The Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect to the Item No. 6, 7 & 8 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
3. The instrument of proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 30th July, 2011 to 12th August, 2011 (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, 2011 directly to the Company's Registrar & Share Transfer Agent (RTA), Link Intime India Pvt. Ltd., C/13, Pannalal Silk Mills Compound, Kantilal Maganlal Ind. Estate, L.B.S. Marg, Bhandup (West), MUMBAI – 400 078 or at its Branch Office at 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, in particulars of their bank account to their respective Depository Participants.
 - (c) Ministry of Corporate Affairs vide Circular No. 17/95/2011 CL-V dated 21.02.2011 has taken a "Green Initiative in the Corporate Governance" by allowing / permitting service of documents etc. in electronic form.

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

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

Email ID for reply : ric@aiaengineering.com

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

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

7. Re-appointment / Appointment of Directors:

The present tenure of Mr. Bhadresh K. Shah as a Managing Director of the Company will end on 30th September, 2011.

The Board of Directors of the Company in their meeting held on 2nd July, 2011 re-appointed Mr. Bhadresh K. Shah as a Managing Director of the Company for a period of five years with effect from 1st October, 2011.

Mr. Yashwant M. Patel was appointed as an Additional Director by the Board of Directors of the Company in their meeting held on 12th November, 2010. Mr. Yashwant M. Patel will be Additional Director upto the ensuing Annual General Meeting.

The Board of Directors of the Company in their meeting held on 30th May, 2011 appointed Mr. Yashwant M. Patel as a Whole-time Director of the Company for a period of three years with effect from 1st April, 2011.

Mr. Bhupendra A. Shah and Mr. Vinod Narain, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

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

REQUEST TO THE MEMBERS

- 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.
- Members are requested to bring their copy of the Annual Report to the Meeting.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

ITEM NO. 6

Mr. Bhadresh K. Shah was lastly re-appointed as Managing Director of the Company with effect from 1st October, 2006 for a period of 5 years on a remuneration of ₹ 0.50 Millions per month. The Remuneration Committee of the Company at its meeting held on 2nd July, 2011 and subsequently, the Board at its meeting held on 2nd July, 2011 has re-appointed Mr. Bhadresh K. Shah as Managing Director unanimously for a further period of 5 years on a remuneration of ₹ 0.60 Millions per month with effect from 1st October, 2011 subject to the approval of the Shareholders in General Meeting.

Mr. Bhadresh K. Shah, is B.Tech (Metallurgy) from Indian Institute of Technology, Kanpur. He has a career spanning over 34 years in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. These components include products like grinding media, liners, diaphragms, vertical mill parts etc. all manufactured in high chrome metallurgy. The main application of these products is in the grinding operation in the mills in the cement, thermal power and mining industries. He is very well versed in all aspects of production, cost and technical administration. His emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards has ensured that Company's products are recognized domestically as well as internationally.

The Board of Directors felt that it is in the best interest of the Company to continue to avail services of Mr. Bhadresh K. Shah as Managing Director. The Board recommends the Resolution to the Members for their approval. The brief particulars of his terms and conditions of remuneration are mentioned herein below:

I. Tenure of Appointment:

5 years with effect from 1st October, 2011.



II. Remuneration:

a) Salary:

₹ 0.60 Millions per month with such revisions as may be approved by the Board from time to time.

b) Perquisites:

i) Housing

(a) Expenses pertaining to electricity will be borne/reimbursed by the Company.

(b) Company shall provide furniture, fixtures and furnishings at the residence of Managing Director.

(c) Expenses pertaining to Repairs, Maintenances & cleaning of the house, furniture and fixtures or other appliances etc. will be borne/reimbursed by the Company.

ii) Medical Expenses

Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.

iii) Leave Travel Concession

Leave travel concession (LTC) in respect of himself and family not exceeding one month's salary per annum. The LTC entitlement for any one year to the extent not availed shall be allowed to be accumulated upto the next two years.

iv) Club Fees

Reimbursement of membership-fee to 3 clubs in India including admission and life membership fee.

v) Personal Accident Insurance

Personal Accident Insurance Policy of such amount, premium of which shall not exceed ₹ 20,000/- per annum.

vi) Gratuity

Gratuity at a rate of half month's salary for each completed year of service.

vii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

viii) Other Perquisites

Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

Explanation:

Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

c) Amenities:

i) Conveyance facilities

Company shall provide suitable conveyance facilities as may be required by the Managing Director.

ii) Communication facilities

Company shall provide telephone, telefax and other communication facilities at the Managing Director's residence.

Notwithstanding anything contained to the contrary herein contained, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites as specified above and in addition thereto perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 from time to time.

The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committees thereof.

Mr. Bhadresh K. Shah shall not be liable to retire by rotation under section 256 of the Companies Act, 1956, so long as he is Managing Director and if he ceases from any date as Director of the Company for any reason whatsoever, he shall also cease to be the Managing Director from such date.

This may be treated as an Abstract of Terms of Contract for the re-appointment of the Managing Director under the provisions of Sec. 302(2) of the Companies Act, 1956.

Mr. Bhadresh K. Shah is deemed to be interested in the said resolution as it relates to his re-appointment. None of the other Directors is in any way concerned or interested in the above resolution.

Your Directors recommend the above Ordinary Resolution for your approval.

ITEM NO. 7:

The Board of Directors at its meeting held on 12th November, 2010 appointed Mr. Yashwant M. Patel as Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 122 of the Articles of Association of the Company and holds the office of Director up to the date of the ensuing Annual General Meeting.

Company has received a Notice in writing from a member along with deposit of ₹ 500/- for proposing the candidature of Mr. Yashwant M. Patel for the Office of Director of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956.

Mr. Yashwant M. Patel is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Companies Act, 1956 and the Company has obtained Form No. DD-A from Mr. Yashwant M. Patel in terms of Companies (Disqualification of Directors under Section 274 (1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment. Further, the Board of Directors has appointed Mr. Yashwant M. Patel as Whole-time Director for a period of 3 Years with effect from 1st April, 2011 on a consolidated remuneration of ₹ 60,000 per month subject to the approval of members,.

Your Directors feel that Mr. Yashwant M. Patel, if appointed, as a Whole-time Director of the Company will be beneficial for the Company and therefore recommends his appointment to the members.

This may be treated as an Abstract of Terms of Contract for the appointment of the Whole-time Director under the provisions of Sec. 302 (2) of the Companies Act, 1956.

None of the Directors except Mr. Yashwant M. Patel, who is a Director, is in any way concerned or interested in the said resolution.

Your Directors recommend the above Ordinary Resolution for your approval.

ITEM NO. 8:

The Company was having a Retainership Agreement as well as 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 has expired 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 fulfill 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 quite satisfactory.

In view of the above, Your Directors feel that it is in the interest of the Company to continue commercial arrangement with the said Company. It is therefore proposed to further re-enter the said 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 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. Srikumar who is a Director of the Company and also 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 Order of the Board of Directors,
For **AIA Engineering Limited**

(S. N. Jetheliya)
Company Secretary

Place : Ahmedabad
Date : 2nd July, 2011
Registered Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad – 382 410



ANNEXURE TO THE NOTICE

Disclosure pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting (Refer Item No. 3, 4, 6 & 7) of the Notice

Name	Mr. Bhadresh K. Shah	Mr. Yashwant M. Patel	Mr. Bhupendra A. Shah	Mr. Vinod Narain
Date of Birth	01-10-1951 - 60 years	05.10.1943 - 68 Years	20.03.1952 - 59 Years	10.03.1930 - 81 years
Re-Appointed / Appointment on	1st October, 2006	12th November, 2010	31st July, 2006	14th April, 2005
Qualifications	B. Tech (Metallurgy)	B. Sc. (Chemistry)	B.E. (Tech) & M.S. from University of California, Berkeley, USA.	National Certificate Course of Mechanical Engineers from Birmingham, England & Diploma in Automobile Engg. of UEI (England)
Expertise in specific functional areas	<p>He is B.Tech (Metallurgy) from Indian Institute of Technology, Kanpur. He has a career spanning over 34 years in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. These components include products like grinding media, liners, diaphragms, vertical mill parts etc. all manufactured in high chrome metallurgy. The main application of these products is in the grinding operation in the mills in the cement, thermal power and mining industries. He is very well versed in all aspects of production, cost and technical administration. His emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards has ensured that Company's products are recognized domestically as well as internationally.</p>	<p>He possesses rich and varied experience in evaluation of Production, appointment & review of contractors resources / purchase policy.</p>	<p>He is B. Tech in Chemical Engineering, from IIT, Kanpur and M.S. from University of California, Berkeley, USA and is an Industrialist. He possesses rich and varied experience in Administration and Finance.</p>	<p>He is an Industrialist based in Bangalore and the founder of Welcast Steels Ltd. He possesses National Certificate Course of Mechanical Engineers from Birmingham, England and is also Fellow of the Institution of Valuers and possesses rich and varied experience in Corporate management.</p>
Directorships held in other Public Companies	Welcast Steels Limited	NIL	NIL	Welcast Steels Limited
Membership/ Chairmanships of Committees across other Public Companies	NIL	NIL	NIL	NIL
No. of Equity Shares held in the Company.	39626875	NIL	120	NIL



AIA ENGINEERING LIMITED

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

ATTENDANCE SLIP

Twenty First Annual General Meeting to be held on Friday, the 12th August, 2011 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.

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

Name of Shareholder (s) _____

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

Signature of Member (s) / Proxy

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

AIA ENGINEERING LIMITED

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

PROXY FORM

I /We _____ of _____ being a Member /Members

of AIA Engineering Limited hereby appoint Mr. _____ of

_____ or failing him Mr. _____ of

_____ as my /our proxy to attend and vote for my / our behalf at the **Twenty First Annual General Meeting** to be held on Friday, the 12th August, 2011 at 10.00 A.M. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015 and at any adjournment thereof.

In witness where of

I /We have signed on this _____ day of _____ 2011.

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.



Memorandum of Understanding signed between AIAE and Government of Gujarat during 5th Global Summit under Vibrant Gujarat

World Environment Day Celebration



Tree Plantation at Air Force Base, Chiloda as part of Company's CSR Initiatives



AIA ENGINEERING LTD.

Registered Office : 115, GVM Estate, Odhav Road, Ahmedabad - 382 410

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

E-mail : snj@aiaengineering.com **Website :** www.aiaengineering.com