



**Ladle with Bail Arm under testing - Export Order**

**Flame Cutting Machine**



# **SIMPLEX CASTINGS LIMITED**

**Pallet Assembly**



**Segment for Slab Caster**



## CHAIRMAN'S SPEECH

### **Letter to Shareholders**

#### **Dear Fellow Shareowners,**

On behalf of the Simplex Family, I welcome you on the occasion of our 30<sup>th</sup> Annual General Meeting.

As you all are aware our honorable Managing Director, Shri. Moolchand R Shah passed away on May 7<sup>th</sup>, 2010. He was a guiding light for the entire Simplex family and played a pivotal role in shaping the Company in its present form. I would like to start this meeting by paying tribute to Shri Moolchand R Shah.

Shri Mulchand R Shah was an exceptional human being not only in the field of business but in his personal life as well. From a humble beginning he went on to create a formidable business empire under the flagship of the Simplex group. He was a man whose feet were firmly rooted in ground

but whose ideas and vision touched the sky. People were the most important asset for him. He nurtured talent continuously motivating them to aim higher. His sterling leadership qualities, remarkable foresight, uncompromising pursuit of excellence, capacity to motivate and trust people will continue to guide and inspire the way Simplex Casting Limited functions. Following his path would be the best tribute for him. His spirit will live on forever and his guiding principles will be forever enshrined in the way that our Company does business.

I take great pleasure, in presenting herewith our 30<sup>th</sup> Annual Report for the financial year 2009 – 10.

During the year 2009 – 10, when the world was showing signs of recovering from the recession faced in 2008-09, our economy has registered a stellar growth of 7.4%, as against 6.7% growth registered last year. This is also more than the 7.2% rate at which the economy was expected to grow. The major impetus in this growth came from the manufacturing sector which grew at a staggering 16.3% in the last quarter.

Your Company has maintained its growth momentum in profits in the financial year 2009-10, despite some reduction in the turnover. The reduction in turnover can be attributed to reduction in capital spending by various sectors emerging from the downturn. However, we foreseeing the cut in capital spending, concentrated on increasing our exposure to value added products, the result of which is reflected in our increased profit margin.

The Sales and other receipts for the year 2009 – 10 is Rs.165.97 crores as against Rs. Rs.175.36 crores for the last year registering a minor decrease of 5.36%

As far as the profitability is concerned, your company has maintained to be on the consistent growth path. For the fiscal year 2009-10 the profit before tax is Rs. 16.32 crores and profit after tax is Rs. 10.63 crores, as against Rs. 14.12 crores and Rs. 9.12 crores respectively in the last year thereby registering an increase of 15.61 % and 16.55 % over the last year's figures respectively.

Earning per Share has also jumped to 17.78 for Financial Year 2009-10, from 15.25 in 2008-09, increasing at the rate of 16.52 percent.

Our focus for the current year would be on enhancing our topline along with maintaining increase profit margins.

Your Company is one of the biggest casting producers in India. Now it is also expanding in the field of fabrication, machining and complete equipment supply. We are also one of the world's largest producer of Coke Oven, Door assemblies, having manufactured and supplied more than 13,000 doors, world over.

Your Company has received the certificate of authority to use the official API 4F & 11E monogram from the American Petroleum Institute. This will give Company foothold in the world of Oil rig manufacture. This is another step towards our constant endeavor to offer our customers best products and solutions and to secure our position as a leading casting company. To further achieve this goal we have been constantly adding new machineries which help us in improving our precision and productivity.

In the financial year 2009 – 10, in the Bhilai unit, we have installed a Grit Blasting Machine, a 50/10 T EOT Crane, a SAW Machine and a Plano Miller to name the major additions in fixed Assets.

In Urla unit we have undertaken the expansion of our fettling shop and also installed a 11 KVA furnace transformer as well as a CNC Plano Milling Machine.

The Technological Structure Equipment Fabrication Shop, which I had mentioned about in the last Annual Report, has started production.

In the Central Railway Budget for 2010 - 11, the Union Minister of Railway kept the order for new railway wagons static at last years level of 18,000 wagons, which was against the market expectations. However, demand for your Company's products from Railways is still on a growth track

Apart from Railways and Steel Sector, there is a growing demand for our products in various sectors such as Oil & Gas, Sugar, Wind Power to name a few. It is the Company's constant endeavor to tap new sectors and expand both its existing customer and product base. All the steps like additions of new machineries, API certification and the new Technological Structure/Equipment Fabrication Shop are directed towards this goal of the Company, the rewards of which are expected to flow in the coming years.

I would like to place on record my sincere appreciation of the contribution of our employees / staffs at various levels and express my gratitude to all our stakeholders, for placing their trust in us and extending their common support, without which your company could not have prospered to this extent.

I convey my sincere gratitude to the Board of Directors for their unwavering support and guidance towards the success of the Company.

With Best wishes,

Thank You.



### COMMITTEES OF THE BOARD AUDIT COMMITTEE

Kisan R. Choksey	Chairman
Shivji R. Shah	Member
Hashmukhlal S. Parikh	Member
Rajendra A. Shah	Member

### REMUNERATION COMMITTEE

Kisan R. Choksey	Chairman
Hashmukhlal S. Parikh	Member
Rajendra A. Shah	Member

### SHARE TRANSFER CUM INVESTOR'S GRIEVANCE COMMITTEE

Kisan R. Choksey	Chairman
Hashmukhlal S. Parikh	Member
Rajendra A. Shah	Member

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### BOARD OF DIRECTORS

<b>Arvind S. Shah</b>	Chairman
<b>Ketan M. Shah</b>	Director
<b>Shailesh A. Shah</b>	Director
<b>Kisan R. Choksey</b>	Director
<b>Shivji R. Shah</b>	Director
<b>Rajendra A. Shah</b>	Director
<b>Hashmukhlal S. Parikh</b>	Director
<b>G. Gopalaswami</b>	Director

### STATUTORY AUDITORS

M/s Taunk & Srikanth Chartered Accountants

### BANKERS

Axis Bank  
Bank Of Baroda  
State Bank of India

### REGISTRARS & TRANSFER AGENTS

Link Intirne India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078.

### REGISTERED OFFICE

6Q1/6Q2A, Fair Link Centre,  
Off Andheri. Link Road, Andheri (West),  
Mumbai - 400 053.

### CORPORATE OFFICE

32, 'Shiynath Complex,  
G. E. Road, Supela,  
Bhilai - 490 023.

### WORKS

5, Industrial Estate, Bhilai, Dist. Durg,  
Chhatisgarh - 490 026,

Urla Industrial Estate, Raipur,  
Chhatisgarh - 492 001

**ISIN No. - INE 658D O1011**

**STOCK CODE: BSE 513472**



## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the members of Simplex Castings Limited will be held on 17<sup>th</sup> September, 2010 at 2.30 p.m. at Babasaheb Dhanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon House, 6<sup>th</sup> Floor, 12 K. Dubhash Marg, Fort, Mumbai- 400 001 to transact the following business:

### **Ordinary Business:**

1. To consider and adopt the Director's report, the Audited Financial Statements including Profit and Loss Account for the year ended March 31<sup>st</sup>, 2010, Cash Flow statement for the year ended March 31<sup>st</sup>, 2010 and the Balance Sheet as at that date and the Auditor's report thereon.
2. To declare dividend for the year ended March 31<sup>st</sup>, 2010.
3. To appoint a Director in place of Shri. Hasmukhlal. S. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Shivji R. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to 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 Mr. G. Gopalswamy, who was appointed as an Additional Director of the Company with effect from July 10, 2010, in terms of Section 260 of the Companies Act, 1956 ("the Act"), and Article 141 of the Articles of association of the Company at the meeting of the Board of Directors held on July 10, 2010 and who holds office till the date of this Annual General Meeting be and is hereby appointed as Director liable to retire by rotation."

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 198, 269, 309,310,311 and all other applicable provisions of the Act read with Schedule XIII to the said Act, an subject to such other approvals as may be required, the Company hereby approves the appointment of Mr. Ketan M Shah, as the Managing Director of the Company for a period of 5 years effective 10th July 2010 and that the Company be and is hereby authorised to pay Mr. Ketan M Shah remuneration as is set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in accordance with the limits specified in Schedule XIII and other applicable provisions of the Act or any amendments thereto and as may be agreed from time to time. "

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

"Resolved that the Remuneration Committee of the Company be and is hereby authorized to revise the salary structure of Shri Arvind S. Shah, Chairman, Shri Ketan M Shah, Managing Director and Shri Shailesh A. Shah, Executive Director from time to time within the slab permissible under the Act.



Resolved further that in case of adequacy of profit, the Board can pay remuneration to Shri Arvind S. Shah, Chairman, Shri Ketan M Shah, Managing Director and Shri Shailesh A. Shah, Executive Director in accordance with section 198 read with section 309, 310, 311, 312, 349, 350 and all other applicable provisions (including any statutory modifications or amendments thereof) of the Act."

By Order of the Board  
For **Simplex Castings Limited**

**Registered Office**

601/602A, FAIRLINK CENTRE  
Off Andheri Link Road, Andheri (W)  
Mumbai- 400 053

**Shailesh A. Shah**  
Director

**Place :** Mumbai

**Date :** 10/07/2010

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy form duly stamped and executed in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting. Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No. 6 to 7 above, is annexed hereto and form part of this notice.
3. Members holding shares in physical form are requested to advise any change in their registered address, to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt Limited quoting their folio number. Members holding shares in electronic form must send the advice about change in their registered address or bank particulars to their respective Depository Participant and not to the Company/Share Transfer Agent.
4. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
5. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialised form, they must quote their Client ID Number and their DPID Number.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from 11<sup>th</sup> September 2010 to 17<sup>th</sup> September, 2010 (both days inclusive) for determining the name of Members eligible for dividend on Equity Shares.
7. In terms of section 205C of the Companies Act, 1956, there is no unpaid / unencashed dividend amount liable to be transferred into Investor Education and Protection Fund.
8. As measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.



## Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 6

The Board of Directors of the Company ('the Board'), under Section 260 of the Companies Act, 1956 ('the Act') and Article 141 of the Articles of Association of the Company, appointed Mr. G. Gopalswamy as Additional Director of the Company with effect from 10th July, 2010. In terms of Section 260 of the Act, Mr. G. Gopalswamy holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, along with a requisite deposit, proposing his candidature for the office of Director liable to retire by rotation. Mr. G. Gopalswamy has confirmed that he is not disqualified from being appointed as Director under Section 274 (1) (g) of the Act. Approval of the shareholders is sought by way of Ordinary resolution in the Annual General Meeting for his appointment as Director liable to retire by rotation. The Board commends the resolutions for your approval. Except Mr. G. Gopalswamy, who is interested in the matters relating to his appointment, no other Director of the Company is interested in this resolution.

### Item No 7

Mr. Ketan M Shah earned a Bachelor of Engineering (Mechanical) degree from the Madhav Institute of Technology and Science, Gwalior (M.P.), and a postgraduate degree in business management from the University of Florida, specializing in marketing. He has been on the Board of Directors of the Company as an Executive Director since March 12, 1993. Mr. Ketan M Shah was appointed as Managing Director by Board of Directors subject to approval of members of the Company in a General meeting effective 10th July, 2010 for a period of 5 years on the remuneration, terms and conditions, as detailed hereunder.

The remuneration proposed to be paid to Mr. Ketan M Shah is as follows:

- I. Basic Salary at the rate of Rs. 2,00,000/- (Rupees Two Lakh only) per month, or such higher amount as may be approved by the Board of Directors on the recommendation of the Remuneration Committee in accordance with Schedule XIII and all other applicable provisions of the Companies Act, 1956;
- II. Commission not exceeding 1% of the net profits of the Company computed in the manner laid down under section 309 of the Companies Act, 1956 subject to the ceiling of Rs. 3, 00,000/- p.a.
- III. Perquisites as listed below, restricted to the annual salary as above or such higher limit as the Companies Act, 1956 may permit;

#### Part A:-

- i. Housing including gas, electricity, water and furnishings (non-interchangeable)
  - a) The expenditure by the Company for hiring accommodation, if necessary, will be subject to 50% of Salary over and above 10% payable by the Managing Director himself.
  - b) The expenditure incurred by the Company on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962. This will however be subject to a ceiling of 10% of the Salary of the Managing Director.
  - c) Where accommodation is owned by the Company: Shri Ketan M. Shah shall pay to the Company by way of rent 10% of salary. Whenever, Company does not provide accommodation, House Rent Allowance may be paid in accordance with (a) above.
- ii. Medical Benefits: For self and family, reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary in a year or three months salary in a block of three years.
- iii. Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.
- iv. Club Fees: Subject to a maximum of two clubs provided that no life membership or admission fee is paid.
- v. Personal Accident Insurance: An amount, the annual premium of which does not exceed Rs.100000/- per annum.

**Part B:-**

Item (vi), (vii) and (viii) listed below will not be considered or included for the computation of ceiling or perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

- vi. Company's contribution towards Provident Fund subject to a ceiling of 12% of the Salary or such other percentage that may be prescribed by Government from time to time.
- vii. Company's contribution towards Pension/Superannuation Fund subject to an overall ceiling for (vi) &(vii) of 25% of the salary as laid down in the Income Tax Rules, 1962 (The overall ceiling referred to above will be non inter- changeable).
- viii. Gratuity is payable in accordance with an approved Fund which does not exceed one half month's salary for each complete year of service subject to ceiling of Rs.3,50,000/-.

**Part C:-**

- ix. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purpose shall be billed to the Managing Director.
- x. Earned / Privileged leave of full pay and allowances will be as per rules of the Company but not more than one month's leave for every eleven months of service. However, Leave accumulated but not availed of will not be allowed to be encashed.
- xi. The Managing Director and the Company shall have the right to terminate the agreement by giving the other party six months clear notice in writing.
- xii. If the tenure of his Office is determined by any reason whatsoever before the expiration of the agreement, he shall be entitled to compensation for loss of office for the unexpired residue of his term or for three years whichever is shorter calculated on the basis of average remuneration actually earned by him during the three years or lesser period as above immediately, preceding the date on which he ceases to hold Office.

In case of adequate profits, the Company may pay remuneration to the Managing Director in accordance with the provisions of section 198 read with section 309, 310,311, 349, 350 and all other applicable provisions of the Companies Act, 1956.

**MINIMUM REMUNERATION**

Notwithstanding anything hereinabove stated, where in any financial year during the tenure as Managing Director, the Company has no profits or its profits are inadequate, Mr. Ketan M Shah shall be paid remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as prescribed under Para 1 of Section II, Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time.

The remuneration as proposed is within the applicable limits under Schedule XIII to the Companies Act, 1956. As on the date of this notice, except for his directorship on the Board of the Company, Mr. Ketan M Shah is a Director of three Private Limited Companies.

In accordance with the provisions of Section 302 of the Companies Act, 1956, an abstract of the terms of appointment of Mr. Ketan M Shah as Managing Director had been sent to the members in July, 2010. Approval of the members is sought by way of Ordinary resolution for the above appointment on the terms and conditions set out hereinabove.

The Board commends the resolution for your approval. Copy of the Agreement entered into with Mr. Ketan M Shah is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days of the Company.

None of the directors of the Company, except Mr. Ketan M Shah, is interested in the proposed resolution.

**Item No 8**

Members had vide a special resolution passed by means of Postal Ballot, results of which were declared on December 21, 2007 authorised the Remuneration Committee to revise the salary structure of all Executive Directors from time to time within the slab permissible under the Companies Act, 1956.

Members had further authorised the Board, in case of adequacy of profits to pay remuneration to Executive Directors in accordance with section 198 read with section 309, 310, 311, 312, 349, 350 and all other applicable provisions (including any statutory modifications or amendments thereof) of the Companies Act, 1956.

Schedule XIII of the Companies Act requires compliance of various conditions, one of which is passing of special resolution for payment of remuneration for period not exceeding three years as provided in Section II(B) and Section II(C) of the said schedule. To ensure compliance with the Act, the Board commends the resolutions for your approval.

Except Mr. Arvind Shah, Ketan M. Shah and Shailesh A. Shah who are interested in the matters relating to their remuneration, no other Director of the Company is interested in this resolution.

Additional information on directors recommended for appointment or seeking re-appointment at the Annual General meeting

<b>Name of the Director</b>	<b>Shri. Hasmukhlal S. Parikh</b>	<b>Shri Shivji R. Shah</b>	<b>Shri G. Gopalswamy</b>
Date of Birth	16.03.1927	05.03.1927	25.11.1946
Date of Appointment on the Board	22.03.1993	31.07.2004	10.07.2010
Qualification	Chartered Accountants	B.Com, L.L.B	B.E (Mech), PGDIM, FIE.
Expertise in Specific Areas	Shri H.S.Parikh is a member of the Institute of Chartered Accountants of India, New Delhi. His main areas of expertise include corporate finance, taxation planning, acquisition planning	Shri Shivji R. Shah is a senior person having vast legal experience.	Shri G. Gopalswamy has forty years of work experience in the field of Iron & Steel sector. He is also a fellow of Institute of Engineers. He was working with Arcelor Mittal, as the Project Head prior to joining Simplex castings Ltd. He has also worked for SAIL for 17 years and was previously associated with Simplex Group for around 10 years in sound capacities. He has been associated with our company since 23 <sup>rd</sup> April, 2008.
List of other Companies in which Directorship held as on March 31 <sup>st</sup> , 2010(excluding Directorships in private, foreign companies and companies incorporate under section 25 of the Companies Act 1956)	3	Nil	Nil

By Order of the Board  
For Simplex Castings Limited

**Registered Office**

601/602A, FAIRLINK CENTRE  
Off Andheri Link Road, Andheri (W)  
Mumbai- 400 053

**Shailesh A. Shah**  
Director

**Place :** Mumbai

**Date :** 10/07/2010





## DIRECTOR'S REPORT

Dear members,

Your Directors are pleased to present the 30<sup>th</sup> Annual Report and Statement of Accounts of your Company, for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS:

(Rupees in Lacs)

Particulars	Financial year ended 31 <sup>st</sup> March 2010	Financial Year ended 31 <sup>st</sup> March 2009
Operating Income	16,440.99	17,376.63
Other Income	156.29	160.02
Total Receipts	16,597.28	17,536.65
EBIDTA	2,767.67	2,753.45
Less: Interest & Financial Charges	725.26	971.03
Depreciation	466.64	428.22
Less: Transfer from Revaluation Reserve	56.24	410.4
	<hr/>	<hr/>
Profit Before Tax	1,632.01	1,411.62
Less: Provision for current taxation	500.84	410
Provision for Fringe Benefit Tax	-	10.25
Provision for Deferred Tax	67.63	78.93
Profit After Tax	1,063.54	912.45
Add: Balance in Profit & Loss Account	1,043.91	758.02
Less: Previous Year Adjustments	14.49	3.79
Amount available for Appropriation	2,092.96	1,666.68
Appropriations:		
General Reserve	496.65	482.75
Dividend	134.64	119.68
Tax on Distributed Profits	22.88	20.34
Balance carried forward to Balance Sheet	1438.79	1,043.91

### DIVIDEND:

The Board of Directors of the Company in their meeting held on 10<sup>th</sup> July' 2010 has recommended a dividend @ 22.5%, i.e. Rs.2.25/- per equity shares of the Company for the financial year ended on 31<sup>st</sup> March' 2010.

### PERFORMANCE REVIEW:

The sales and other Income for the financial year 2009 - 2010 were Rs.16, 597.28 lacs as against Rs. 17,536.65 lacs for the year 2008 - 2009, registering a minor decrease of 5.36% over the last year's figure. This was primarily due to cut in capital spending budgets by many of our clients during the period under review.

The Profit before tax was Rs.1, 632.01 lacs and Profit after tax was Rs. 1,063.53 lacs for the financial year under review as against Rs. 1,411.62 lacs and Rs. 912.45 lacs of the last year, an improvement by 15.61 % and 16.55 % over the last year's respective figures.

### FUTURE PROSPECTS:

The Company has good prospects in the fields of casting, fabrication, machining and complete equipment supply, both from public sector like Railways and SAIL, and private sector. Going forward, the Company is working towards reducing its reliance on Public Sector and establishing itself as one stop shop for all engineering requirements.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies(Disclosure of particulars in the Report of Board of Directors) Rules,1988 is given in the Annexure and forms part of this report.

### PUBLIC DEPOSITS:

The Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 and the Rules made there under.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

A report on Management Discussion and Analysis(MDA), which is forming part of this Report, inter-alia, adequately deal with the operations as also current and future outlook of the Company.

**INDUSTRIAL RELATIONS:**

Your Company believes that the success of any organization very much depends upon the quality of its man power and their inter relationships, so that they could work with collective interest, for a common goal, which is maximization of value of the organization.

There were cordial and harmonious industrial relations during the year and the management received full cooperation from the employees. Employees at all levels actively participated in various activities to identify and implement efficiency improvement programmes, demonstrating a huge degree of commitment towards general cost consciousness. The Board would like to thank the contribution and commitment of all the employees towards the success and growth of the Company.

**PARTICULARS OF EMPLOYEES:**

Information as per Section 217(2A) of the Companies act, 1956 read with the Companies

(Particulars of employees) Rules 1975 as amended forming part of Director's Report are as under:

Name	Designation	Age (Years)	Remuneration	Qualification	Experience	Date of Commencement of employment	Previous employment
* G. Gopal Swamy	Director (Operations & Development)*	62 yrs.	26,19,600/-	B. E. (Mech.), PGDIM, FIE.	40 yrs	22.04.2008	Arcellor Mittal China

\* Pursuant to the respective Clause of Articles of Association, appointed as an Additional Director with effect from July 10, 2010.

**BOARD OF DIRECTORS:**

Shri. Hasmukhlal. S. Parikh and Shri. Shivji R. Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- In the preparation of the annual accounts for the year 2009 - 10, the applicable accounting standards have been followed and there are no material departures:
- They have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of Company at the end of the financial year, and of the profit of the Company for the period ended on 31<sup>st</sup> March, 2010.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE:**

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the listing agreement is annexed hereto.

**AUDITORS AND AUDITOR'S REPORT:**

M/s Taunk & Srikanth, Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditor's Report are self-explanatory and give complete information.

**ACKNOWLEDGEMENTS:**

Your Directors wish to convey their appreciation to workers, staff and the officers who have largely contributed to the efficient management of your company. The Directors also place on record their appreciation for the continued support from Financial Institutions, Bankers, Shareholders and all other business associates.

For and on behalf of the Board

Place: Mumbai

(Shailesh A. Shah)

Date : 10<sup>th</sup> July, 2010

Executive Director



## ANNEXURE TO THE DIRECTORS' REPORT

### A. CONSERVATION OF ENERGY

#### a) Measures Taken:

In our Bhilai Unit, the following measures have been taken for conservation of energy

1. Introduction of VVVF Drives on Plano Millers,
2. APFC Panel installed for power factor correction and reduction in maximum demand.
3. Feeder Capacity increased by laying parallel cable to reduce voltage drop and power loss.
4. Replaced the D.C. motors & their drives by A.C. motors with VVVF drives & introduction of single reduction gearboxes to maintain the torque.
5. Addition of Metshield oil in servo system68 & gear oil etc that results are 44.5% average reduction in friction in ferrous-based metals, 22% reduction in fuel usage & 4% reduction on cranking amperes under normal operating load condition & also reduce the noise levels improve the OH & S environment in industry.

In our Urla unit, the following measures have been taken for conservation of energy;

1. VVVF Drive Introduced in 75/15 MT Crane
2. LT APFC Panel Revamped by replacing deteriorated Capacitors to restore efficiency of Panel.
3. 15 Nos Small Capacitors installed with small motors in semi automatic operation

#### b) Measures Proposed:

- i. In **Bhilai** Unit - Automation of Annealing Furnance, Retrofittings of Plano – Millers and Introduction of Screw type Rotary Compressor in Foundry & Machine shop & **concept technologies on EOT cranes.**
- ii. In Urla Unit – Replacement of Two Nos Reciprocating Compressor by highly efficient Screw Compressors, Introduction of few more VVVF Drive.

#### c) Impact of the measures :

In future years, we are expecting reduction in power and furnance oil consumption.

### FORM-A (As per rule 2)

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

##### A. POWER AND FUEL CONSUMPTION

PARTICULARS	2009-2010	2008-2009
1. ELECTRICITY		
a) Purchased		
Unit (Kwh in '000)	24551.96	24782.8
Total Amount (Rs in Lacs)	1023.81	1016.64
Rate /Unit (Rs /Kwh)	4.17	4.1
b) Own Generation		
1) Through Diesel Generators	NIL	NIL
2) Through Steam Turbine / Generator	NIL	NIL
2. COAL (Specify Quality and where used)	NIL	NIL
3. A) FURNACE OIL		
Qty (K Ltr)	1229.49	1110.74
Total Amt (Rs in Lacs)	300.41	279.18
Avg Rate /Rs Kltr	24.43	25.13
B) OTHERS		
Qty (K Ltr)	NIL	NIL
Total Amt (Rs in Lacs)	NIL	NIL
Avg Rate /Rs Kltr	NIL	NIL

#### CONSUMPTION PER UNIT OF PRODUCTION:

Electricity (KWH /TON)	1449.17	1255
Furnace Oil (Ltr / Ton)	72.57	56

### FORM – B (As per rule 2)

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

##### A. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

In the financial year 2009 – 10, your Company has introduced Cored Wire through automatic wire feeder instead of manual feeding. (To change after discussion with Shailesh Bhai)

##### B. FOREIGN EXCHANGE EARNING AND OUTGO:

Export activities: Please refer to clause "Exports" in main report. Total foreign Exchange used and earned is as follows.  
(Rs. In Lacs)

	<u>Current Year</u>	<u>Previous Year</u>
Foreign Exchange used:	<b>136.64</b>	73.81
Foreign Exchange Earned: Export of goods on FOB basis	<b>469.73</b>	1462.76



## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

### **Forward Looking Statements**

In this report the forward looking information if any is for enabling investors to comprehend our prospects and take investment decisions. The forward looking statements may be identified by the use of the words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects' or 'estimates' and words of similar substance in connection with any discussion of future performance. All such statements that address expectations or projections about the future are forward looking statements based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. However, we believe that we have been prudent in making the assumptions. The Company's actual results are subject to risks, uncertainties and even inaccuracies in our assumptions. The Company's actual results, performances or achievements may thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### **Economic Overview**

Although India's Gross Domestic Product (GDP) growth in 2008-09 was a modest 6.7 percent, the real turnaround came in the second and third quarters of 2009-10 when economic growth surged 7.9 percent and 7.2 percent respectively. However the real shocker turned out to be Fourth Quarter, when the economy grew at a rate of 8.6 percent with manufacturing sector shooting to 16.3 percent. The total growth in 2009-10 stood at 7.4 percent as against 7.2 percent as expected earlier, primarily driven by industry and actively supported by services.

### **BUSINESS OVERVIEW**

In the fiscal year 2009 – 10, as the world was showing signs of slow recovery from the global recession scenario, India proved its mettle once again by growing at the rate of 7.4 percent.

During FY10, the industrial sector outperformed services, reversing the trend seen in FY09. The industrial sector, as a whole, registered a pronounced broad-based turnaround, expanding 9.3% Y-o-Y against 3.9% in the previous fiscal. This performance has been supported by timely fiscal stimulus, generally easy monetary conditions, improvement in business sentiments and favorable base effect. Within the industry, the manufacturing sector grew 10.8% in FY10 against 3.2% in FY09.

Quarterly, strong growth in manufacturing activity suggests increased capacity utilisation by the corporates and fresh investments in the coming fiscal. However, investments seem to have picked up, only from Q4FY10. Peaking capacity utilisation might be prompting corporates to make fresh investments, which shall lead to increased capital spending budgets for the coming financial year. Going forward, contributions from government expenditure and net exports are likely to reduce. Therefore, pick-up in private consumption expenditure is important to sustain uptrend in investments.

The incoming GDP numbers for various developed and Emerging Markets suggest that economic momentum continued in March 2010 quarter across the globe. Improved business sentiments, lagged impact of fiscal stimulus, easy monetary conditions and favorable base effect have supported the uptrend in the economic data. However, the global financial environment has turned quite uncertain of late, particularly with regards to European debt problems. Besides, sharp weakening in the EUR and worsening demand prospects in Europe are producing added headwinds for rest of the world. Indian growth prospects remain on track by and large, but in case European problems persist, there could be some knock-on effects on the Indian Economy.

There are around 50,000 operating metal casting units around the world which account for nearly 90 million tones of casting. The global production peaked at 95 million tones in 2007, but due to recent recession and shortage in scrap and pig iron there has been a slight dip in production, the trend is expected to continue until the end of 2010.

Gray iron casting dominates the production of castings with 47% share followed by ductile iron with 23 % and non ferrous casting accounts for nearly 15%.

We are manufacturers of engineering castings in various grades for core industrial sector like Steel, Power, Railroad equipment, Mining, Cement, Defence, Sugar and other specialized areas in cast, machined and assembled condition. The Company consists of two major units one heavy grey iron unit and other heavy steel casting foundry.

The Company intends to produce best in class hi-tech products of excellent quality at competitive costs. It also aims to solidify its growth & position by leveraging on the strong domestic demand for capital goods and infrastructure sector.



## **INDUSTRY STRUCTURE & DEVELOPMENT**

Ferrous castings constitute essential intermediates for automobiles, industrial machines, power plants, chemicals & fertilizer plants and cement plants, among others. They are therefore vital for the growth and development of the engineering industry. The domestic industry is well established. India enjoys a cost advantage with respect to casting and forging as manufacturing costs in India are 25 to 30 per cent lower than their western counterparts. Rising labour costs and environmental concerns have forced foundries in developed countries to move production to countries like India and China. This gives rise to a huge export potential for Indian manufacturers. To capitalise on this export demand, leading manufacturers have undertaken modernisation and up gradation of their manufacturing facilities to improve productivity and product quality and also economise on production costs. Given the wide spread usage of castings across industries and huge export potential, there exists considerable scope for establishing additional capacity in this area. However, there is a continuous threat from the Chinese competitors as they flood our market with casting products at very low prices.

In the financial year 2009–10 your Company has installed the following major facilities in the Bhilai Unit:

1. Grid Blasting Machine
2. 50/10 T-26 MTR SPAN-EOT Crane
3. 8' Lathe Machine
4. Pipe Bending Machine
5. SAW Welding Machine
6. Plano Miller-CHA 8035

The above specified equipments are primarily welding equipments, other than EOT crane which is used for carrying heavy goods and Plano Miller which is used for machining, milling activities with utmost accuracy.

Similarly the following are the major developments in Urla Unit;

1. CNC Double Col Plano Miller

Your Company has four decades of satisfactory track record, considerable experience of the promoters, healthy order book position, and diversified product portfolio catering to varied industries, satisfactory clientele and comfortable financial position with improving profitability.

The abovementioned additions have helped in further increasing the quality and precision of our products as well as diversification in technological fabrication. Increasing proportion of machined castings and improving product-mix would help improve realisations.

## **OPPORTUNITIES & THREATS**

With the economic growth back on track and with manufacturing sector fuelling the growth the manufacturing industry is poised for a substantial revival. Increased capital spending plans across industries shall further increase the demand of our products in the field of Casting, Fabrication, Machining and complete equipment supply

However, Chinese manufacturers are supplying castings at very low prices in a big way to Indian industries which is a matter of great concern. Some of the other major challenges faced by the company are to bridge technology gaps and meet expected demand for higher capacity equipment, in line with the global market trend. Also there is a growing need to maintain cost competitiveness and design and apply innovative marketing strategies to stay ahead in business. Further, to reduce the cyclicity inherent in business due to the dependability on Steel sector, there is a further need to expand and diversify the customer base.

### **Outlook**

Cast metal products are found in 90 per cent of manufactured goods and equipment ranging from aircraft and automobiles to electrical appliances. According to a report by Goldman Sachs, the Indian Casting industry has increased its annual production volume by over 100% since 2002, and currently holds fourth position worldwide in terms of annual volume production. Such significant growth is due to India's rapidly growing economy and has resulted in strong demand from allied industries. A report by the Institute of Indian Foundrymen reveals that the Indian metal casting industry comprises over 5,000 facilities, of which around 95% fall under the SME category.

Your Company is constantly endeavoring to achieve product quality and consistency. For this purpose the Company is taking initiatives which are a mix of competitive attitude and technology. such as automation systems and quality control software.



## Risks & Concerns

The risks associated with the business of the Company are reviewed periodically by top management to take suitable measures for mitigating them. We ensure that the organization is safeguarded from various kinds of risks through flexibility in the understanding and management of risk and adequate and timely action. Necessary resources have been deployed in terms of technology, experienced people and processes to monitor, evaluate and manage the principal risks and critical nature of transactions.

The Company tries to reduce its operating margin vulnerability to volatility in raw material prices by keeping adequate stock to the extent possible. However there are certain external risks to the business of the Company such as a general downturn in market demand conditions due to the effect of economic and political condition. The dumping of castings by Chinese manufacturers at very low prices which has been eating away the share of domestic companies is one such risk. The Company has little or no control over such kind of external risks.

## Internal Control System and their Adequacy

The Company has adequate Internal Control System commensurate with the size and nature of the business. This system has been designed to ensure that;

- a. All assets are acquired economically, used efficiently and protected against lost, destruction or unauthorized use.
- b. All resources are used efficiently and effectively.
- c. Accounting, Financial, and other Operational information are accurate, reliable and provided timely, and
- d. All applicable laws and internal policies are complied with in true spirit.

The Company has appointed an independent firm of Chartered Accountants to carry out internal audit. Their report is reviewed by management as well as Audit Committee. The internal control system is reviewed from time to time to know its adequacy and effectiveness on an ongoing basis and suggestions of Internal Auditors are implemented. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

## Operational and Financial performance

The Company returned a healthy financial performance during the year, despite some reduction in the turnover. Some of the high points are:

### 1. Total Revenue

Total Income of the Company for the financial year 2009 - 10 comprises of Net Sales, work contract receipt and other income amounts to Rs. 165.97 crores which was a decrease of 5.36% over last year's figure.

### 2. Profit before Tax

Profit before tax for the year under review was Rs. 16.32 crores, an increase of 15.61% over the last year's figure.

### 3. Profit after Tax

Profit after tax for the year under review was Rs. 10.63 crores registered an increase of 16.55% over the last year's figure.

### 4. Earning per Share

Earning per share for the year under review was Rs. 17.78 as compared to Rs. 15.25 for the last year.

### 5. Net Worth

Net worth of the Company for the financial year 2009-10 is Rs. 56.78 crores as against Rs. 46.72 crores of last year.

## Material developments in human resources / industrial relations

Industrial relations remained cordial during the year. Your Company has a balanced structure of technical as well as non technical, permanent as well as contractual personnel. Employees at all levels and across plant locations have put in their best efforts towards the performance of the Company. It will be our constant endeavor to work as a team in order to contribute to the growth and success of the company.



## CORPORATE GOVERNANCE REPORT

### 1. Corporate Governance Philosophy

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders interest. Sound ethical practices, transparency in operations and timely disclosures go a long way to enhancing long-term shareholder value while safeguarding the interest of all the stakeholders. Clause 49 of the listing agreement with stock exchanges in India has set the benchmark compliance rules for a listed company and the baseline for governance standards.

Corporate governance is an integral part of the way your Company does business. Your Company's governance process and practices venture to achieve; a transparency and professionalism in action as well as the implementation of policies and procedures to ensure high ethical standards as well as responsible management. We also believe that Corporate Governance is a continuously improving process and are always striving towards achieving the highest standards possible.

### 2. Board of Directors

As on March 31<sup>st</sup> 2010 the Board of the Directors of the Company consisted of eight Directors with varied experience in different areas. The composition of the Board is in conformity with the clause 49 of the provisions of Listing agreement, with 50% of the Board consisting of Independent Directors. The details of composition and categories of Directors are as follows.

Category	Name of the Directors
Chairman	Arvind S. Shah
Managing Director	Late Moolchand.R.Shah
Executive Directors	Shailesh A. Shah
	Ketan M. Shah
Independent Directors	Kisan. R Choksey
	Shivji R. Shah
	Hasmukhlal S. Parikh
	Rajendra A. Shah

A total of four meetings of the Board of Directors were held on 29.04.2009, 31.07.2009, 24.10.2009 and 30.01.2010. The company thus observed the provisions of listing agreement allowing not more than four months gap between two such meetings.

#### Director's Attendance record and Directorships held

Sr. No	Names of Directors	Number of Board Meetings Attended	Whether last AGM held on September 23, 2009 attended	Other Directorships held (including in Pvt. Co's) at year end	Number of Committee membership/ Chairmanship in other domestic companies as at year end
1	Shri. Arvind S Shah	3	Yes	5	-
2	Late Shri. Moolchand R Shah	2	Yes	6	-
3	Shri. Shailesh A Shah	3	Yes	4	-
4	Shri. Ketan M Shah	2	Yes	3	-
5	Shri. Kisan R Choksey	4	Yes	2	-
6	Shri. Shivji R Shah	2	No	2	-
7	Shri. Hasmukhlal S. Parikh	3	Yes	3	8
8	Shri. Rajendra A Shah	3	Yes	-	-



## 3. Audit Committee

As required under section 292A of the Companies Act, 1956 read with provisions of clause 49 of the Listing agreement with the stock exchange the Board constituted an Audit Committee. Audit Committee of the Board comprises of four independent Directors namely Shri Kisan R. Choksey, Chairman, and Shri. Hasmukhlal S. Parikh, Shri Shivji R. Shah and Shri Rajendra A Shah as members. During 2009-10, a total of four Audit Committee meetings were held, on 29.04.2009, 31.07.2009, 24.10.2009 and 30.01.2010. The attendances of the members of the Audit committee were as follows:

Sr. No	Date of Audit Committee Meeting	Attendance of Directors			
		K.R.Choksey	H.S.Parikh	S.R.Shah	R.A.Shah <sup>1</sup>
1	29.04.2009	Yes	Yes	No	Refer Note <sup>1</sup>
2	31.07.2009	Yes	Yes	Yes	Refer Note <sup>1</sup>
3	24.10.2009	Yes	No	Yes	Refer Note <sup>1</sup>
4	30.01.2010	Yes	Yes	No	Yes

<sup>1</sup> Member of Audit Committee w.e.f October 24, 2009

The terms of reference and the role of the Audit Committee is to overview the accounting systems, financial reporting and internal controls of the Company. The Executive Chairman, the Managing Director, the Finance Director, the Statutory and Internal Auditors are regularly invited to attend the meeting.

## 4. Remuneration Committee:

Shri Kisan R Choksey is the Chairman of the Remuneration Committee and Shri Hasmukhlal S Parikh and Shri Rajendra A. Shah are the members.

During the year one meeting of the remuneration committee was held on 29.04.2009. The Committee has been constituted to review and recommend the remuneration policy of the Company and to recommend the revision in salary structure of Directors.

Sr. No	Date of Remuneration Committee Meeting	K.R.Choksey	Attendance of Directors H.S.Parikh	R.A.Shah
1	29.04.2009	Yes	Yes	Yes

## 5. Remuneration of Directors

Remuneration paid to the Chairman & Managing Director and the Wholetime Directors

Particulars	Shri. Arvind S. Shah Chairman	Late Shri. M. R. Shah Managing Director	Shri. Shailesh A. Shah Executive Director	Shri. Ketan M. Shah Executive Director
Salary	33,00,000	33,00,000	24,00,000	24,00,000
Benefit				
Allowance & perquisites	11,39,431	11,34,575	8,18,369	8,08,027
Bonus	8,400	8,400	8,400	8,400
Pension	-	-		
Fixed Component Contribution to PF Superannuation & Gratuity	9,360	9,360		
Performance link incentive	-	-	-	-
Commission	3,00,000	3,00,000	2,50,000	2,50,000
Service Contract	-	-	-	-
Notice period	-	-	-	-
Severance fee Rs.	-	-	-	-
Stock Option Rs.	-	-	-	-
Total	47,47,831	47,42,975	31,26,129	34,75,787





Sitting Fees and remuneration paid to Non Executive Directors during the Financial year 2009-10 are given below. Non Executive Directors are not entitled for any remuneration other than the sitting fees.

Sr. No	Name of Non Executive Directors	Sitting Fees
1	Shri. Hasmukhlal S Parikh	31,000
2	Shri Kisan R Choksey	41,500
3	Shri Rajendra A Shah	25,000
4	Shri Shivji R Shah	21,000

#### 6. Share transfer cum Investor's Grievance Committee

Shri Kisan R Choksey is the Chairman of the Remuneration Committee and Shri Hasmukhlal S Parikh and Shri Rajendra A. Shah are the members. In the Financial year under review, the meeting of the Committee has not been held.

The Company Secretary acted as a Secretary to all the Committees.

As on March 31, 2010 there were no requests pending for transfer of shares.

#### 7. General Body Meeting

Location and time where the last three Annual General Meetings were held:

AGM	Year	Venue	Date & Time	No of Special Resolutions Passed
29 <sup>th</sup>	2008-09	Babasaheb Dhanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon house, 6 <sup>th</sup> Floor, 12 K Dubhash Marg, Fort Mumbai- 400 001	23.09.2008 at 3.30 p.m.	No
28 <sup>th</sup>	2007-08	Babasaheb Dhanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon house, 6 <sup>th</sup> Floor, 12 K Dubhash Marg, Fort Mumbai- 400 001	25.09.2008 at 3.00 p.m.	Refer to Note
27 <sup>th</sup>	2006-07	Babasaheb Dhanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon house, 6 <sup>th</sup> Floor, 12 K Dubhash Marg, Fort Mumbai- 400 001	20.09.2007 at 2.30 p.m.	Yes

Note: In the year 2007-08, Special Resolution was passed through postal ballot on 21.12.2007, for revision in the remuneration of the four executive directors of the Company.

#### 8. Disclosure

i. Disclosure on material transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management and their subsidiaries or their relatives, among others that may have potential conflict with the interest of the Company at large.

None of the transactions with any related parties were in conflict with the interests of the Company.

ii. Details of non compliance by the Company, penalties strictures imposed by the stock exchanges/SEBI or any other statutory authority, n any matter related to capital markets, during the last three years.

None.

iii. Though there is no formal whistle blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. No person has been denied access to the Audit Committee.

#### 9. Code of Conduct for Board Members and Senior Management

The Board of Directors has laid down the code of conduct for all the Board members and members of senior management, between whom it has been circulated and compliance thereto affirmed. A certificate from the Chairman affirming compliance with the said code by all the Board members and members of senior management, to whom the code is applicable, is annexed separately to this Report.



10. The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls in terms of Clause 49(V) of the Listing agreement. Certificate for the financial year under review is enclosed at the end of this report.
11. Means of Communication.
- The quarterly financial results were published during the financial year in 'Economic Times' in English and 'Maharashtra Times' in Marathi.
  - Annual Report containing Director's Report, Auditor's Report and other important information as required to be set out in this has been sent to the members and other person entitled to receive this.

## 12. General Shareholder's Information

### A. 30th Annual General Meeting

Date	:	11th September' 2010.
Time	:	2:30 PM
Venue	:	Babasaheb Dhanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon house, 6 <sup>th</sup> Floor, 12 K Dubhash Marg, Fort Mumbai- 400 001

### B. Financial Calendar

Unaudited First Quarterly Results	:	July 10th 2010
Unaudited Second Quarterly Results	:	End of October 2010
Unaudited Third Quarterly Results	:	End of January 2011
Unaudited Fourth Quarterly Results	:	End of May 2011

### C. Date of Book Closure

: 13th September 2010 to 17th September 2010  
(both days inclusive)

### D. Dividend Payment Date

:

### E. Listing

: Bombay Stock Exchange  
Calcutta Stock Exchange  
Delhi Stock Exchange  
M.P. Stock Exchange

### F. Stock Code

: BSE 513472

### Trading Symbol

Simplex Cast

### G. ISIN Number

: INE 658 D 01011

### H. Monthly High and Low:

Bombay Stock Exchange					
Month	Highest	Lowest	BSE Sensex Highest	BSE Sensex Lowest	Number of Shares Traded
April 2009	40.8	30	11492.1	9546.29	61866
May 2009	65	37.5	14930.54	11621.3	312486
June 2009	70.95	57	15600.30	14016.95	110864
July 2009	68.75	46.7	15732.81	13219.99	74671
August 2009	63.3	53	16002.46	14684.45	52555
September 2009	78.4	57.55	17142.52	15356.72	372183
October 2009	90.5	72	17493.17	15805.2	762404
November 2009	90.95	72.5	17290.48	15330.56	185539
December 2009	89.95	74.5	17530.94	16577.78	120930
January 2010	109	79.05	17790.33	15982.08	528160
February 2010	95.95	75	16669.25	15651.99	333111
March 2010	92.5	80	17793.01	16438.45	195385

**I. Registrar and Share Transfer Agents****M/s. Link Intime India Pvt. Ltd.,**

C-13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai-78  
Phone No.:-022-25963838;  
Fax No.:- 022 2594 6969.

**J. Share Transfer System**

Applications for transfer of shares held in physical form may be sent either to the Company's Registrar & Share Transfer Agent or to the Company. All valid applications are processed within 30 days from the date of receipt and after being registered in the name of the transferee, the share certificates have been dispatched to the shareholders.

**K. Distribution of Shareholding as on 31.03.2010**

Slab	Total Number of Shareholders	%	Number of shares	% of Total Share Capital
Less than 500	4426	89.9228	626168	10.4637
501-1000	239	4.8557	197835	3.3060
1001-2000	102	2.0723	152971	2.5562
2001-3000	47	0.9549	117787	1.9683
3001-4000	13	0.2641	46118	0.7707
4001-5000	15	0.3048	70089	1.1712
5001-10000	24	0.4876	168126	2.8095
10001-above	56	1.1377	4605106	76.9544
Total	4922	100.0000	5984200	100.0000

**L. Shareholding Pattern as on 31.03.2010**

Sr. No	Category	No of Shares	% Shareholding
1	Promoters/ Persons acting in concert	3516299	58.76
2	Financial Institutions, Banks & Mutual Funds	1600	0.03
3	Corporate Bodies	254699	4.26
4	NRI, Foreign National, OCB's & FII's	150173	2.51
5	Indian Public	2037540	34.05
6	Clearing Member	21889	0.36
7	Trust	2000	0.03
Total		5984200	100

**M. Dematerialisation details**

As on March 31<sup>st</sup>, 2010, 3,201 shareholders were holding 45,62,089 Equity shares in demat form which constitutes 76.24% of the Share Capital of the Company.

**N. Outstanding GDR/ADR**

Not Applicable as the Company has not issued any GDR/ADR so far.

**O. Plant Location**

5, Industrial Estate, Bhilai, Durg, Chhattisgarh – 490 026.  
Phone - 0788– 2382031 / 32

Urula Industrial Estate, Raipur, Chhattisgarh-490 023.  
Ph-0771-2323805/ 2323483, Fax No. 0771 – 2324090



- P.** Address For Correspondence                      **Simplex Castings Ltd.,**  
601/602A, Fair Link Centre, Off Andheri Link Road,  
Andheri (West), Mumbai – 400 053.  
TeleFax: 022 40034768.
- Q.** Email ID of Compliance Officer                      cs@simplexcastings.com

13. Delisting of Securities

The delisting application to Delhi Stock Exchange and M.P.Stock Exchange are pending before their respective delisting committees.

14. Auditor’s Certificate on Corporate Governance

As required by clause 49 of the listing Agreement, the Auditors Certificate is given as an Annexure to the Directors Report.

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**ANNEXURE TO CORPORATE GOVERNANCE REPORT OF SIMPLEX CASTINGS LTD**

**Declaration regarding Affirmation of code of conduct**

IN terms of the requirement of Clause 49 of the Listing agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31<sup>st</sup>, 2010.

**Ketan M. Shah**  
Managing Director



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of  
SIMPLEX CASTINGS LIMITED.**

We have examined the compliance of conditions of Corporate Governance by Simplex Castings Ltd. for the year ended on 31<sup>st</sup> March 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement(s).

We state that no investor grievances are pending for a period exceeding one month against the company as on 31<sup>st</sup> March, 2010 as per the records maintained by the Registrars and Share Transfer Agents of the Company and presented to the Shareholders/Investors Grievance Committee.

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 **M/s Taunk & Srikanth**  
Chartered Accountants

**(N. K. Taunk)**  
Partner

Membership. No. 30421

**Place :** Bhilai  
**Date :** 10th July, 2010



## AUDITORS' REPORT

To  
**The Members of  
SIMPLEX CASTINGS LIMITED,**

We have audited the attached Balance Sheet of SIMPLEX CASTINGS LIMITED as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
  - (a) 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;
  - (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation from the directors as on 31st March, 2010, and taken on records by the Board of Directors in their meeting, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies, and other Notes thereon 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;
    - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
    - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s TAUNK & SRIKANTH**  
Chartered Accountants  
(Registration No. 001524C)

**(N. K. TAUNK)**

Partner

Membership No. 30421

Place : Bhilai  
Dated : 10.07.2010



## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in Paragraph (1) of the Auditors' Report of even date to the Members of Simplex Castings Limited on the Financial Statements for the year ended 31st March, 2010.

- i) In respect of its Fixed Assets:-
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion the company has not disposed of substantial part of the fixed assets during the year and the going concern status of the company is not affected.
- ii) In respect of its Inventories:-
  - a) As explained by the management, the Inventories have been physically verified by the management during the year.
  - b) In our opinion and according to the information and explanation given to us the procedures of physical verification of stocks followed by the management were found to be reasonable and adequate in relation to the size of the company and nature of business.
  - c) In our opinion and according to the information and explanations given to us the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stock and book records were not significant and the same have been properly dealt with in the books of account.
- iii) In respect of the loans, secured and unsecured, granted or taken by the company to/from companies, firms and other parties covered in the register maintained u/s 301 of the Companies Act, 1956:-
  - a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956, and accordingly clause iii(b), iii(c) and iii(d) of paragraph 4 of the Order are not applicable to the company.
  - b) The company has taken loan from four companies covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 588.40 lacs (prev. year Rs.97.56 lacs) and the year end balance of loan taken was Rs. 588.40 lacs. (prev. year Rs.92.56 lacs) (Clause 4(iii)(e) of th Order)
 

In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loan has been taken from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956, were prima facie not prejudicial to the interest of the company. (Clause 4(iii)(f) of th Order)

According to the information and explanations given to us, there is no stipulation as to repayment of principal and interest, eventhough interest is credited to the respective party's account at the year end. (Clause 4(iii)(g) of th Order)
- iv) In our opinion and according to the information and explanation given to us during the course of our audit, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchases of stores, raw-materials, plant & machinery, equipments and other assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) In respect of the transaction covered u/s 301 of the Companies Act 1956:-
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, we



are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained u/s 301 of the Companies Act, 1956 have been so entered.

- b) In our opinion and according to the information given to us the transactions made in pursuance of the contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of any party were made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- vi) The company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of section 58A & 58AA or any other relevant provisions of the Act and the rules made thereunder are applicable.
- vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the company.
- ix) In respect of statutory dues:-
- a) According to the information and explanations given to us, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other dues have been regularly deposited with the appropriate authorities barring slight delay in few cases. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No	Name of Statute	Nature of Dues	Forum where dispute is pending	Period	Amount Rs.in lacs*
1	Central Excise Act	Excise Duty	High Court, Bilaspur	2003-04	1.72
			Central Excise & Service Tax Appellate Tribunal. (CESTAT)	2003-04	0.80
2	The Central Sales Tax Act & Chhattisgarh Commercial Tax Act	CST CGCT Entry Tax	Dy. Comm (Appeals)	2005-06	5.90
					6.09
					1.28
3	Income Tax Act	Income Tax	Appellate Tribunal	2001-02	2.85
			Mumbai High Court	2002-03	3.65

\* Net of pre-deposit paid in getting the appeal admitted

- x) The company does not have accumulated losses and has not incurred any cash loss during the financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions/banks. The Company has not issued any debentures.
- xii) In our opinion and according to the information and explanation given to us no loans or advances have been granted by the company on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.





- xiv) In our opinion and according to the information and explanation given to us the company is not dealing in or trading in shares, securities and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xv) The company has not given guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and on the basis of information and explanation given to us, the term loans were applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- xix) In our opinion and according to the informations and explanations given to us the company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- xx) During the period covered by our audit report, the company has not raised any money by way of public issue.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For **M/s TAUNK & SRIKANTH**  
Chartered Accountants  
(Registration No. 001524C)

**(N. K. TAUNK)**  
Partner

Membership No. 30421

**Place** : Bhilai  
**Dated** : 10.07.2010

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

	SCHEDULE No.	Current Year Rs.	Previous Year Rs.
<b>1. SOURCES OF FUNDS</b>			
A) Shareholders' Funds			
a) Share Capital	I	59,842,000	59,842,000
b) Reserves & Surplus	II	490,895,999	407,367,667
		<u>550,737,999</u>	<u>467,209,667</u>
B) Loan Funds			
a) Secured Loans	III	527,071,933	458,354,728
b) Unsecured Loans	IV	101,249,046	65,383,761
		<u>628,320,979</u>	<u>523,738,489</u>
C) Deferred Tax Liability (Net) (Refer Note 17 of Sch-XVII)		57,007,661	50,244,122
Total :		<u>1,236,066,639</u>	<u>1,041,192,278</u>
<b>2. APPLICATION OF FUNDS :</b>			
A) Fixed Assets	V		
a) Gross Block		1,191,012,815	1,108,289,446
b) Less: Depreciation		608,360,191	566,152,645
c) Net Block		<u>582,652,624</u>	<u>542,136,801</u>
d) Capital Work in Progress		41,684,102	17,488,574
		<u>624,336,726</u>	<u>559,625,375</u>
B) Investments	VI	894,897	964,897
C) Current Assets, Loans & Advances	VII		
a) Inventories		295,600,000	308,462,695
b) Sundry Debtors		521,370,465	425,337,694
c) Cash & Bank Balance		36,182,640	33,276,754
d) Other Current Assets		4,457,250	3,164,850
e) Loans & Advances		211,367,410	158,685,090
		<u>1,068,977,765</u>	<u>928,927,083</u>
Less : Current Liabilities & Provisions	VIII		
a) Current Liabilities		322,306,016	330,947,647
b) Provisions		135,836,733	117,377,430
		<u>458,142,749</u>	<u>448,325,077</u>
		<u>610,835,016</u>	<u>480,602,006</u>
Total :		<u>1,236,066,639</u>	<u>1,041,192,278</u>
Significant Accounting Policies - XVI			
Notes forming part of Accounts - XVII			

As per our report of even date

**Ketan M. Shah**  
Managing Director

**Shailesh A Shah**  
Director

MUMBAI/Dtd. : 10.07.2010  
BHILAI/Dtd. : 10.07.2010

**For M/s TAUNK & SRIKANTH.**  
Chartered Accountants

**(N. K. TAUNK)**  
Partner  
Membership No 30421



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AT 31ST MARCH, 2010

	SCHEDULE No.	Current Year Rs.	Previous Year Rs.
<b>INCOME :</b>			
Sales (Net)	IX	1,777,359,657	1,940,217,450
Less: Excise Duty		133,259,722	202,554,408
		<u>1,644,099,935</u>	<u>1,737,663,042</u>
Other Income	X	15,629,560	16,001,654
Increase/(Decrease) in Stock	XI	(10,004,655)	50,139,365
<b>TOTAL :</b>	<b>(A)</b>	<u>1,649,724,840</u>	<u>1,803,804,061</u>
<b>EXPENDITURE :</b>			
Consumption of raw-materials, Components, Spares & Stores	XII	841,379,448	1,051,764,438
Payments & Other benefits to employees.	XIII	114,642,698	74,011,295
Manufacturing & Other Expenses	XIV	416,935,118	402,682,804
Financial Charges	XV	72,525,840	97,103,113
Depreciation	46,664,460		42,822,520
Less: Trf. from Reval. Reserve	<u>5,624,926</u>		<u>5,743,478</u>
		<u>41,039,534</u>	<u>37,079,042</u>
<b>TOTAL :</b>	<b>(B)</b>	<u>1,486,522,638</u>	<u>1,662,640,692</u>
<b>PROFIT BEFORE TAX</b>	<b>(A-B)</b>	163,202,202	141,163,369
Less: Provision for Current Tax		50,084,000	41,000,000
Provision for Fringe Benefit Tax		-	1,025,000
Deferred Tax Liability/(Asset) (Refer Note 17 of Sch-XVII)		6,763,539	7,893,096
		<u>106,354,663</u>	<u>91,245,273</u>
<b>PROFIT AFTER TAX</b>		104,391,478	75,801,990
Balance b/f. from last year		210,746,141	167,047,263
Add : Credits of earlier year/excess provision written back		36,043	149,588
		<u>210,782,184</u>	<u>167,196,851</u>
Less: Debits of earlier year/Short IT prov.		1,484,715	528,367
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		209,297,469	166,668,484
Proposed Dividend @ 22.50% (20%)		13,464,450	11,968,400
Tax on Proposed Dividend		2,288,283	2,034,030
Transfer to General Reserve		49,665,994	48,274,576
<b>SURPLUS CARRIED TO BALANCE SHEET</b>		<u>143,878,742</u>	<u>104,391,478</u>
Significant Accounting Policies - XVI			
Notes forming part of Accounts - XVII			

As per our report of even date

**Ketan M. Shah**  
Managing Director

**Shailesh A Shah**  
Director

**MUMBAI/Dtd. :** 10.07.2010  
**BHILAI/Dtd. :** 10.07.2010

**For M/s TAUNK & SRIKANTH.**  
Chartered Accountants

**(N. K. TAUNK)**  
Partner  
Membership No 30421



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
A) AUTHORISED : 7500000 Equity Shares of Rs. 10/- each.	75,000,000	75,000,000
<b>TOTAL :</b>	<b>75,000,000</b>	75,000,000
B) ISSUED : 6093000 Equity Shares of Rs.10/- each.	60,930,000	60,930,000
C) SUBSCRIBED & PAID UP : 5984200 Equity Shares of Rs. 10/- each fully paid-up	59,842,000	59,842,000
<b>TOTAL :</b>	<b>59,842,000</b>	59,842,000
NOTE: Above 5984200 Equity Shares include 650000 shares issued for consideration other than cash and 2400000 shares allotted as fully paid Bonus Shares by capitalisation of General Reserve.		
<b>SCHEDULE - II</b>		
<b>RESERVES &amp; SURPLUS</b>		
1. Capital Reserves : As per last Balance Sheet	625,258	625,258
2. Revaluation Reserve : As per last Balance Sheet Add: Transfer from Fixed Assets	51,238,831 -	58,205,264 502,469
	51,238,831	58,707,733
Less: Transfer to General Reserve Transfer to Profit & Loss A/c	334,006 5,624,926	1,725,424 5,743,478
	5,958,932	7,468,902
	45,279,899	51,238,831
3. Share Premium Account : As per last Balance Sheet	51,112,100	51,112,100
4. General Reserve : As per last Balance Sheet Add: Transfer from Revaluation Reserve	200,000,000 334,006	150,000,000 1,725,424
	200,334,006	151,725,424
Add: Transfer from Profit & Loss A/c	49,665,994	48,274,576
	250,000,000	200,000,000
5. Profit & Loss Account	143,878,742	104,391,478
<b>TOTAL :</b>	<b>490,895,999</b>	407,367,667


**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE - III</b>		
<b>SECURED LOANS</b>		
1. FROM BANKS :		
i) Cash Credit	71,244,330	76,194,163
ii) Export Packing Credit	45,258,293	-
iii) W. C. D. L.	223,405,674	257,731,805
iv) Stand-by Line of Credit	-	22,661,242
v) Term Loan	185,396,576	99,746,102
(Amount repayable within one year - Rs. 55,200,000/- - previous year Rs.31,564,800/-)		
vi) Vehicle Loan	1,767,060	1,475,359
vii) Accrued Interest on Term Loans	-	546,057
	<u>527,071,933</u>	<u>458,354,728</u>
<b>NOTES :</b>		
1) Loans from Banks (State Bank of India (SBI), Bank of Baroda (BOB) and Axis Bank) under Cash Credit facilities are secured by 1st Pari Passu charge by way of Hypothecation / Pledge of entire Current Assets including Raw-Materials, Stock-in-Process, Finished Goods, Stores & Spares at factory premises or such other places as may be approved by bank and assignment of Book Debts both present and future and 2nd Pari-passu charge on the entire Fixed Assets (existing & proposed) of the company by way of hypothecation/mortgage.		
2) Term Loans from Banks (State Bank of India (SBI) & Bank of Baroda (BOB)) are secured by 1st Pari Passu charge by way of Equitable Mortgage of factory leasehold land located at Bhilai and Urla including hypothecation of Plant & Machineries and entire existing and proposed Fixed Assets of the company and 2nd Pari-passu charge on the entire Current Assets of the company by way of hypothecation/pledge.		
3) Vehicle Loans from Banks are secured by Hypothecation of respective vehicles purchased under the loan.		
<b>SCHEDULE - IV</b>		
<b>UNSECURED LOANS :</b>		
1. From Directors	36,944,663	34,078,983
2. From Companies	56,573,384	9,256,256
3. From Shareholders/Others	-	16,406,061
	<u>93,518,047</u>	<u>59,741,300</u>
Interest accrued & due thereon	6,819,533	-
	<u>100,337,580</u>	<u>59,741,300</u>
4 Security Deposits	911,466	729,967
5 M.P.A.K.V.N. - Loan A/c :	-	4,912,494
(Interest free loan under Sales Tax Deferment Scheme for Unit in Industrial Growth Centre.) (Amount repayable within one year - Rs. Nil/- - previous year Rs.4,912,494/-)		
<b>TOTAL :</b>	<u><u>101,249,046</u></u>	<u><u>65,383,761</u></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**
**SCHEDULE - V**
**FIXED ASSETS**

Particulars	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	As on 31.03.2009 during the year	Additions/ Adjustments during the year	Deductions/ Adjustments	Total as on 31.03.2010	Up to 31.03.2009	Adjustments /Deductions	Provided during the year	Total upto 31.03.2010	As on 31.03.2009	As on 31.03.2010
<u>Tangible Assets:</u>										
Land	24781810	-	-	24781810	-	-	24781810	24781810		
Building	209691437	7348206	841500	216198143	73772657	429016	6397971	79741612	135918780	136456531
Plant & Machinery	619901318	69386362	2950030	686337650	277791445	1903987	26892617	302780075	342109873	383557575
Mould Boxes	87608307	5875095	-	93483402	76885367	-	4469493	81354860	10722940	12128542
Patterns	99428547	-	-	99428547	93640053	-	1736548	95376601	5788494	4051946
Office Equipments	6416852	109776	-	6526628	3383629	-	429965	3813594	3033223	2713034
Furniture & Fixtures	7494335	175427	-	7669762	4381616	-	581309	4962925	3112719	2706837
Computers	16856506	435783	-	17292289	13972596	-	1252684	15225280	2883910	2067009
Vehicles	28095921	5756519	2663897	31188543	18338816	2123911	2883567	19098472	9757105	12090071
Jigs & Fixtures	24818	-	-	24818	24818	-	-	24818	-	-
Sub-total	1100299851	89087168	6455427	1182931592	562190997	4456914	44644154	602378237	538108854	580553355
<u>Intangible Assets:</u>										
Software	964756	91628	-	1056384	449228	-	264096	713324	515528	343060
Know-how	7024839	-	-	7024839	3512420	-	1756210	5268630	3512419	1756209
Sub-total	7989595	91628	-	8081223	3961648	-	2020306	5981954	4027947	2099269
TOTAL : Rs.	1108289446	89178796	6455427	1191012815	566152645	4456914	46664460	608360191	542136801	582652624
Prev. Year : Rs.	994496917	125157529	11365000	1108289446	533271720	9941595	42822520	566152645	461225197	542136801
<b>Work in Progress :</b>										
Building									1250245	29710361
Plant & Machinery									11323551	8968808
Advances on Capital A/c									4914778	3004933
									17488574	41684102
<b>GRAND TOTAL</b>									<b>559625375</b>	<b>624336726</b>




**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE - VI</b>		
<b>INVESTMENT (AT COST)</b>		
LONG TERM INVESTMENTS		
a) In Government Securities : Unquoted 7 years National Saving Certificates deposited with Superintendent, Central Excise, Bhilai. NSC deposited with Sales Tax Dept. S. R. Post Master, Raipur	29,750 5,000 1,060	29,750 5,000 1,060
b) Non Trade Investment : Quoted (Fully paid equity shares) 7200 Equity Shares of Rs. 10/- each of Industrial Development Bank of India. (Incl 2700 Bonus) (M.V. as on 31.03.2010 Rs. 828,000/- - previous year Rs. 326,880/-)	585,000	585,000
c) SBI MF - Magnum Comma Fund 24956 Units of Rs. 10/ each. (M.V. as on 31.03.2010 Rs. 408,530/- - previous year Rs.255,300/-)	274,087	274,087
d) Investment in the Capital of partnership firm. (Refer Note 8 of Sch. XVII)	-	70,000
<b>TOTAL :</b>	<b>894,897</b>	<b>964,897</b>
<b>SCHEDULE - VII</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. CURRENT ASSETS :</b>		
<b>1. Stock in Trade</b> (As per inventory taken, valued and certified by the management. Refer note G of Schedule XVI for valuation)		
a) Raw-materials, Components, Stores & Spares	124,953,000	127,811,040
b) Semi-finished goods	122,597,000	150,730,000
c) Finished goods	48,050,000	29,389,870
d) Works Contract in Progress	-	531,785
	<u>295,600,000</u>	<u>308,462,695</u>
<b>2. Sundry Debtors :</b> (unsecured considered good unless otherwise stated).		
a) Debts outstanding for a period exceeding 6 months.	47,833,276	71,052,846
b) Other Debts (refer Note 9 of Schedule - XVII)	<u>473,537,189</u>	<u>354,284,848</u>
	521,370,465	425,337,694
<b>3. Cash &amp; Bank Balance</b>		
a) Cash in hand	65,026	302,998
b) Balance with scheduled Bank		
i) in time deposit *	21,057,549	22,557,549
ii) in current account	<u>15,060,065</u>	<u>10,416,207</u>
	36,182,640	33,276,754
<b>4. Other Current Assets</b>		
Income receivable	4,457,250	3,164,850

**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**

		Current Year Rs.	Previous Year Rs.
<b>B. LOANS AND ADVANCES</b>			
Advances recoverable in cash or in kind or values to be received (unsecured and considered good by the Directors.) (refer note no.11 of Schedule-XVII)	60,802,644		31,478,594
Advance Income Tax (Incl FBT)	118,157,828		91,432,455
Other deposits (S.D.)	20,949,831		26,378,303
Balance with Excise/Sales Tax Dept.	11,457,107		9,395,738
		<u>211,367,410</u>	<u>158,685,090</u>
<b>TOTAL :</b>		<b><u>1,068,977,765</u></b>	<b><u>928,927,083</u></b>
* Time Deposits with the Banks are endorsed and pledged with State Bank of India & Bank of Baroda towards :			
i) Security for Bank Guarantees against EMD/Performances/Advances		16,626,872	12,500,000
ii) Margin Money for Letter of Credit		4,430,677	10,057,549
		<u>21,057,549</u>	<u>22,557,549</u>
<b>TOTAL :</b>		<b><u>21,057,549</u></b>	<b><u>22,557,549</u></b>
<b>SCHEDULE - VIII</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>			
<b>A. CURRENT LIABILITIES :</b>			
Advances from Customers		117,414,501	72,345,298
Sundry Creditors			
- Micro, Small & Medium Enterprise (Refer Note 13 of Schedule XVII)		-	-
- Others	129,725,926		163,822,253
		<u>129,725,926</u>	<u>163,822,253</u>
Liabilities for Expenses		64,200,207	85,209,253
Other Liabilities		9,614,469	8,622,853
Unpaid Dividend *		1,350,913	947,990
	<b>(A)</b>	<u>322,306,016</u>	<u>330,947,647</u>
<b>B. PROVISIONS :</b>			
i) For Proposed Dividend		13,464,450	11,968,400
ii) For Tax on Dividend		2,288,283	2,034,030
iii) For Fringe Benefit Tax		-	2,875,000
iii) For Taxation		120,084,000	100,500,000
	<b>(B)</b>	<u>135,836,733</u>	<u>117,377,430</u>
<b>TOTAL : ( A + B )</b>		<b><u>458,142,749</u></b>	<b><u>448,325,077</u></b>

\* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2010. As informed by management these amounts shall be paid to the said fund as and when they become due.




**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010**

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE - IX</b>		
<b>SALES :</b>		
Sale of Goods	1,672,522,295	1,917,269,126
Job Contract Receipts (TDS Rs. 11,37,569/- Pre. Yr. 52,043/-)	29,935,360	2,030,410
Works Contract Receipt (TDS Rs.24,54,643/- - Pre. Yr. Rs.2,55,845/-)	74,421,672	20,917,914
Sale of Services	480,330	-
<b>TOTAL :</b>	<b>1,777,359,657</b>	<b>1,940,217,450</b>
<b>SCHEDULE - X</b>		
<b>OTHER INCOME :</b>		
Miscellaneous Receipts	1,815,709	1,601,721
Dividend Income (Gross)	18,000	58,487
Profit on Sale of Assets	2,088,426	-
Excise Duty Refund /Sales Tax Refund	-	1,411,184
Interest (Gross) (TDS Rs. 8,71,870/- Pre. Yr. Rs. 16,94,383/-)	6,454,229	7,617,796
Sale of DEP B Licence	5,253,196	5,312,466
<b>TOTAL :</b>	<b>15,629,560</b>	<b>16,001,654</b>
<b>SCHEDULE - XI</b>		
<b>INCREASE/DECREASE IN STOCK :</b>		
Closing Stock :		
- Semi Finished goods	122,597,000	150,730,000
- Finished goods	48,050,000	29,389,870
- Works Contract in Progress	-	531,785
<b>(A)</b>	<b>170,647,000</b>	<b>180,651,655</b>
Opening Stock :		
- Semi Finished goods	150,730,000	111,288,600
- Finished goods	29,389,870	19,223,690
- Works Contract in Progress	531,785	-
<b>(B)</b>	<b>180,651,655</b>	<b>130,512,290</b>
<b>INCREASE/(DECREASE) :</b>	<b>(A-B)</b>	<b>50,139,365</b>
<b>SCHEDULE - XII</b>		
<b>CONSUMPTION OF RAW-MATERIALS, COMPONENTS, SPARES &amp; STORES. :</b>		
Opening Stock	127,811,040	191,378,400
Add : Purchase (TCS Rs. - Nil - Pre. Year. Rs. Nil )	838,521,408	988,197,078
	966,332,448	1,179,575,478
Less : Closing Stock	124,953,000	127,811,040
<b>NET CONSUMPTION</b>	<b>841,379,448</b>	<b>1,051,764,438</b>



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE - XIII</b>		
<b>PAYMENT &amp; OTHER BENEFITS TO EMPLOYEES :</b>		
Salaries, Wages & Bonus	75,724,947	63,877,976
Contribution to PF & FPF	3,756,424	3,415,018
Gratuity	28,847,625	775,135
Welfare Expenses	6,313,702	5,943,166
<b>TOTAL :</b>	<b>114,642,698</b>	<b>74,011,295</b>
<b>SCHEDULE - XIV</b>		
<b>MANUFACTURING &amp; OTHER EXPENSES :</b>		
Testing / Laboratory Charges	3,020,355	2,168,056
Off Loading/Contract Labour Charges	142,648,249	126,062,875
Power & Fuel	105,162,140	102,410,420
Freight/Forwarding/Handling Charges	40,456,419	47,127,622
Repairs & Maintenance		
Buildings	5,761,254	3,854,456
Plant & Machinery	22,035,992	27,224,893
Vehicles	4,637,050	3,720,522
Other Assets	5,505,722	5,127,868
	37,940,018	
Rent,Rates & Taxes	3,229,482	4,960,204
Insurance	3,256,657	2,657,846
Printing & Stationery, Postage & Telegram, Telephone, Telex etc.	4,278,121	4,192,491
Legal, Professional & Consultancy Fee.	5,648,815	4,513,259
Advertisement, Sales Promotion, Subscription & Membership Fees	3,750,357	3,715,854
Donation	205,107	1,243,617
Travelling & Conveyance Expenses (Including Directors Travelling Rs.1,580,740/-)	13,786,063	9,832,043
Previous year Rs.1,467,705/-)		
Commission	11,340,292	25,186,091
Payment to Auditors :		
- Audit Fees	275,000	275,000
- For Tax Audit	25,000	25,000
- Other Services	54,000	54,000
- Out of Pocket Expenses	3,690	8,425
	357,690	362,425
Directors Remuneration	16,092,722	12,010,868
Sales Tax / Excise Duty / Service Tax	3,188,599	1,043,606
Miscellaneous Expenses	750,915	1,636,257
Liquidated Damages (Net)	18,157,991	9,909,910
Exchange Rate Fluctuation	3,561,487	2,794,481
Loss on Sale of Assets	103,639	927,140
<b>TOTAL :</b>	<b>416,935,118</b>	<b>402,682,804</b>
<b>SCHEDULE - XV</b>		
<b>FINANCIAL CHARGES :</b>		
Interest to Bank & Others :		
-Fixed Period Loans	13,436,427	12,198,217
-Others	48,473,056	66,729,912
	61,909,483	78,928,129
Bank Commission	10,616,357	18,174,984
<b>TOTAL :</b>	<b>72,525,840</b>	<b>97,103,113</b>



## SCHEDULE - XVI

### SIGNIFICANT ACCOUNTING POLICIES

#### (A) Basis of Accounting

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

#### (B) Revenue Recognition

Sale Revenue represents revenue earned (net of returns, discount and allowances) from the sale of products & services. Sale revenue is recorded when the goods are despatched.

#### (C) Capital Subsidy

Amount received as capital subsidy from the government for setting up an industrial undertaking in a backward area is credited to Capital Reserve.

#### (D) Fixed Assets & Depreciation

##### Gross Block

- \* All fixed assets except Land, Building and Plant & Machinery acquired before 1992 are stated at cost. Fixed Assets which are revalued by the company are stated at their revalued book value. The increase in the revalued amount over their historical cost has been credited to Revaluation Reserve.

All costs, relating to the acquisition and installation of fixed assets are capitalised and include financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets upto the date the industrial unit started production.

##### Depreciation

- \* The Company provides depreciation under written down value method (at rates prescribed under Schedule XIV of Companies Act, 1956) except in the case of Building and Plant & Machineries in which case depreciation is provided as per straight line method pursuant to section 205(2)(b) of Companies Act, 1956.
- \* In the case of revalued assets, the additional charge of depreciation pertaining to revaluation amount is withdrawn from the Revaluation Reserve and adjusted to the depreciation charged in accounts.
- \* Depreciation on addition to or sale/discardment of assets is calculated prorata from the date of such additions or upto the date of sale/discardment as the case may be.
- \* Intangible Assets are stated at cost of acquisition less accumulated amortisation. Computer Software (Purchase cost, User licence fees etc.), Technical Know-how are amortised over a period of 4 years. Amortisation is done on Straight Line Method.

#### (E) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss A/c in the year in which the asset is identified as impaired.

#### (F) Investments

Investments are stated at cost. Provision for diminution in the value of the long term investments are made only if in the opinion of the management, the decline is other than temporary.

#### (G) Inventory

- \* Raw and Packing Materials are valued at cost or market value whichever is lower. Cost includes taxes and duties other than credits under CENVAT.
- \* Finished and Semi finished goods are valued at lower of cost and net realisable value. They include cost of conversion and other costs incurred in bringing them to their present condition. Stock against cancelled orders or without any sale orders are suitably depreciated as market value is not ascertainable

#### (H) Borrowing Cost

Borrowing costs that are attributable to the acquisition, production or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

**(I) Excise & Customs Duty**

- \* Excise duty payable on the finished goods is accounted for on the clearance of goods from the factory and the liability is provided at the end of the year only on the finished goods stock lying in the factory.
- \* Customs duty is accounted for on the clearance of goods from the port / bonded warehouse and the liability of the same is provided at the end of the year on rawmaterial stock in custom bonded warehouse or under clearance.
- \* CENVAT allowed on the raw material consumed in production of finished goods and in semi finished goods is reduced in material consumption.

**(J) Foreign Exchange Transactions**

- \* Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rates as per related forward exchange contracts. Transactions not covered by forward exchange rate and outstanding at the year end are also translated at exchange rates prevailing at the year end and the profit / loss so determined and also the realised exchanged gains / losses are recognised in the Profit & Loss account.
- \* Exchange differences arising either on settlement or on translation of monetary items are recognised as income or expenses in the year in which they arise, except in cases where they relate to acquisition of fixed assets in which case they are adjusted in the carrying cost of fixed assets.

**(K) Retirement Benefits**

- \* The Company has taken a policy under Group Gratuity Scheme with the Life Insurance Corporation of India. The company is liable to make up for the contribution in case funds in the hands of the trustees are insufficient to meet the actual claims of the employees under the rules of the fund. In case of remaining employees the same is accounted as and when liability arises.
- \* Leave Encashment is accounted for on actual payment.

**(L)** Export incentives are accounted for on cash basis

**(M) Research and Development Expenditure**

Revenue Expenditure, including overhead on research and development, is charged to profit & loss a/c as expenditure through the natural heads of expenses in the year in which it is incurred.

**(N) Miscellaneous Expenditure (to the extent not written off or adjusted)**

- \* Share Issue expenses is written off in ten yearly instalments.

**(O) Taxation**

- \* Provision for taxation is made in accordance with the income tax laws and rules prevailing at the time of the relevant assessment years.
- \* Deferred tax liability is recognised for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It is quantified using the tax rates and laws enacted or substantively enacted as on Balance Sheet date.
- \* Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- \* Wealth Tax is accounted for at the time of actual payment by debit to Prior Year Expenses in the year of payment and no provision is made in the accounts for the same.

**(P) Provisions & Contingent Liabilities**

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

**SCHEDULE - XVII****NOTES ON ACCOUNTS:****1. CONTINGENT LIABILITIES :**

(Rs. in lacs)

Prev. Year

**Current Year**

a) i) Bank Guarantees (includes expired BGs-Rs.Nil lacs-Pre.Yr. Rs.78.90 lacs)	<b>1728.82</b>	1796.31
ii) Letters of Credit	<b>886.14</b>	1135.35
Time deposits pledged with banks agst. (a-i) above	<b>166.27</b>	125.00
b) Excise/Service Tax matters	<b>2.52</b>	7.27
c) Sales Tax matters	<b>13.27</b>	49.78
d) Income Tax matters	<b>6.50</b>	7.27

e) Penalties for late deliveries / liquidated damage in respect of contracts are accounted for as and when claims are received and accepted. Aggregate amount of possible claims as at the year end is not ascertained.

f) Pursuant to the judgement of the State Industrial Court, Raipur, on the labour case relating to strike declared in the year 1990, the Company has been directed to pay compensation to the retrenched workers amounting to Rs.82.80 lacs in total. However the company has obtained a stay against the said order from the High Court, Bilaspur vide order dated 28.11.2001, on account of a petition contending the order which is yet to be heard. Since the management is hopeful of favourable decision, no provision has been made in the accounts for the said liability of Rs. 82.80 lacs.

g) Pursuant to the interim judgement of the Honourable High Court, Bilaspur in the case relating to levy of Terminal Tax by Municipal Corporation, Bhilai, the Company has been directed to deposit 50% of the tax demand for the period upto 31st December, 2001 subject to which the balance 50% has been stayed. Accordingly the company deposited Rs.5.83 lacs on 14.02.02. However the said amount covers about 50% of the full liability (100%) upto 31.03.2005. The petition is yet to be heard. However from 2005-2006 onwards the company is making a provision / payment only for 50% of the tax liability for the respective year on the basis of the interim judgement. Since the management is hopeful of favourable decision no provision is being made in the accounts for the balance 50% of the liability.

2. Interest on Investments under lien & custody of Government Departments and Export Incentives, the quantum of which are unascertainable with reasonable certainty, continue to be accounted for on Cash basis.

3. a) Sales include sale of scrap / surplus raw materials from manufacturing units. Sales and Job work receipts are exclusive of :

- Sales Tax Rs. 5,21,90,286/- (Prev.Year Rs. 5,71,16,936/-)

b) Sales of goods include direct & indirect exports as under:

- Direct Exports Rs. 5,02,32,936/- (Previous year - Rs. 14,67,53,945/-)

- Indirect Exports Rs. Nil (Previous year - Rs. 38,322/-)

4. During the year ending 31-03-2010 the company has generally worked on single shift. Hence depreciation has been provided on single shift basis.

5. Pursuant to Accounting Standard (AS) 28, as explained to us, there being no indication of impairment of assets, no loss has been recognised on this account by the company.

6. Sundry Debtors and other debit and credit balances are subject to confirmation.

7. Previous year's figures have been re-arranged & re-grouped wherever necessary to conform to the classifications and make them comparable with those of current year.



## 8. Information in respect of investment in Partnership firm :

a) Name of the firm :	M/s Simplex Agricultural Farm Simplex Colony, G.E Road, Malviya Nagar, Durg (M.P.)		
b) Investment in the firm as on	<b>31.03.2010</b>	Rs.	Nil
	(31.03.2009)	Rs.	(70,000)
c) Name of partners, their share in profit loss and contribution to capital of firm.	% of Profit or loss	Capital Rs.	
	<hr/>	<hr/>	
i) Simplex Castings Ltd.	25	Nil	
		(70,000)	
ii) Simplex Engg. & Foundry Works Pvt. Ltd.	25	Nil	
		( Nil )	
iii) Sim Shah Estate & Trading Co. Pvt. Ltd.	50	1,40,000	
		(1,40,000)	
	<hr/>	<hr/>	
d) Total Capital of the firm	100	2,10,000	
		(2,10,000)	
	<hr/>	<hr/>	
e) Share of profit/loss from the firm for the year ended	<b>31.03.2010</b>	Nil	
	(31.03.2009)	( Nil )	

## 9. Debtors include dues from companies under the same management, as detailed below :

Name of the Company	<b>Current Year</b>	Prev. Year
	<b>Rs.</b>	Rs.
Sangam Forgings (P) Ltd.	<b>6,15,68,782</b>	4,63,53,976

## 10. Some of the Bank Balances are subject to reconciliation and balance confirmation.

## 11. Advances recoverable in cash or kind includes advances to companies / firms under the same management details of which are as follows :

Name of the Company	<b>Current Year</b>	Prev. Year
	<b>Rs.</b>	Rs.
Sangam Forgings (P) Ltd.	<b>1,18,63,972</b>	1,06,64,246

12. As per the accounting policy followed by the company the valuation of Finished Goods is inclusive of excise duty. Accordingly the value of Finished Goods in Profit & Loss A/c include the amount of excise duty. Correspondingly the amount of such duty on finished goods has been debited to Excise Duty Expenses in the Profit & Loss A/c with an equivalent credit amount carried forward in the Balance Sheet under the head "Liability for Expenses". As a result the effect of the same on the profit for the year is 'Nil'.

13. There are no Micro, Small & Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the information available with the Company.


**14. Information pursuant to provisions of paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.**

i) PARTICULARS IN RESPECT OF GOODS MANUFACTURED :	INSTALLED CAPACITY	ACTUAL PRODUCTION
	MT	MT
<b>AT BHILAI :</b>		
i) Cast Iron Castings / Components Metallurgical Industry.	15000 (15000)	8485 (9120)
ii) Fabricated Equipments	1800 (1800)	616 (1035)
iii) MS / Forging quality Ingots	1000 (1000)	NIL (NIL)
<b>AT URLA :</b>		
i) Steel Castings, Special Alloy Iron & SG Iron Castings.	10000 (10000)	6761 (8213)
ii) Equipment & Spares	500 (500)	NIL (NIL)
iii) MS / Forging quality Ingots	15000 (15000)	1803 (1378)

Notes: Installed Capacity ( Maximum utilisation for the full year ) is based on the certificate issued by the management on which the Auditors have relied.

**II) PARTICULARS IN RESPECT OF OPENING STOCK, SALES AND CLOSING STOCK FINISHED GOODS.**

	Opening Stock		Sales		Closing Stock	
	(M/T)	Rs. in	(M/T)	Rs. in	(M/T)	Rs. in
lacs lacs lacs						
<b>Manufacturing :</b>						
1) C.I.Castings and Equipments	<b>254</b> (80)	<b>161.98</b> (41.54)	<b>9006</b> (8037)	<b>6359.86</b> (5806.37)	<b>240</b> (254)	<b>120.72</b> (161.98)
2) Steel Castings & SG Iron Castings (Bhilai)			<b>431</b> (274)	<b>214.10</b> (190.70)		
3) Fabricated Equipments			<b>194</b> (798)	<b>103.04</b> (990.44)	<b>390</b> (5)	<b>209.13</b> (4.61)
4) Steel Castings, Special Alloy & SG Iron Castings	<b>113</b> (366)	<b>103.11</b> (113.43)	<b>6209</b> (8584)	<b>8004.40</b> (9247.28)	<b>406</b> (113)	<b>106.14</b> (103.11)
5) MS / Forging quality Ingots	<b>57</b> (84)	<b>24.20</b> (37.27)	<b>1689</b> (1362)	<b>501.93</b> (668.34)	<b>103</b> (57)	<b>44.51</b> (24.20)
6) Raw-Material						
- Scrap/Pig Iron	<b>1833</b> (3518)	<b>379.06</b> (797.33)	<b>56</b> (663)	<b>24.27</b> (187.38)	<b>1456</b> (1833)	<b>288.04</b> (379.06)
- Steel	<b>559</b> (296)	<b>173.94</b> (102.76)	<b>307</b> (67)	<b>104.85</b> (38.72)	<b>262</b> (559)	<b>81.11</b> (173.94)
- Coke67	<b>6.95</b> (81)	<b>4</b> (9.12)	<b>0.85</b> (3)	<b>31</b> (0.24)	<b>2.90</b> (67)	<b>6.95</b> (6.95)
- Others		<b>718.16</b> (1004.57)		<b>79.33</b> (17.68)		<b>877.48</b> (718.16)
7) Works Contract Receipt				<b>744.22</b> (209.18)		
8) Others - Services & Job - Contract Receipts				<b>304.16</b> (20.30)		

**Note:** Sales are exclusive of inter-unit transfers.



III) **ANALYSIS OF RAW MATERIAL CONSUMED :**

Items :

	Current Year		Previous Year	
	MT	Rs. in Lacs	MT	Rs. in Lacs
Iron Scrap (incl. Pig Iron)	9851	1965.89	9915	2435.22
Steel Scrap	9755	1922.75	10568	2237.00
Steel	842	322.91	1392	660.40
Coke	736	71.38	929	140.87
Other Components, Consumables		4130.86		5044.15
Stores & spares		8413.79		10517.64

**Notes :**

- a) The consumption figures shown above are after adjusting excesses and shortages ascertained on physical count, unserviceable items etc.
- b) The figures of other components, consumables and stores & spares are balancing figures based on the total consumption shown in the profit & loss account.

IV) **ANALYSIS OF RAW-MATERIALS CONSUMED :**

	Rs.in Lacs	% to total
Indigenously obtained	8371.06	99.49
	(10310.47)	(98.03)
Imported at landed cost	42.73	0.51
	(207.17)	(1.97)
	8413.79	100.00
	(10517.64)	( 100.00)

Components & Spare Parts referred to in para 4 (D) (c) of Part II of Schedule VI of the Companies Act, 1956 are interpreted to mean components and spare parts which are incorporated in the products sold and not those used for maintenance of Plant & Machinery etc.

V) **VALUE OF IMPORTS ON CIF BASIS :**

	Current Year Rs.	Prev. Year Rs.
Raw Materials	37,86,469	1,72,43,532
Capital Goods - Machinery	3,86,59,750	5,05,27,014
	4,24,47,178	6,77,70,546

VI) **DIRECTORS REMUNERATION :**

a) Salaries	1,14,00,000	90,00,000
b) Bonus	33,600	33,600
c) Contribution to P.F.	18,720	37,440
d) L T C	9,50,000	7,50,000
e) Medical (Policy)	1,00,402	97,328
f) House Rent Allowance	13,50,000	11,92,500
g) Others	11,40,000	9,00,000
h) Commission to Directors	11,00,000	-
<b>Total</b>	<b>1,60,92,722</b>	<b>1,20,10,868</b>

VII) **EXPENDITURE IN FOREIGN CURRENCY :**

Travelling Expenses	17,61,423	9,25,579
Export Promotion Expenses	20,26,761	18,51,025
Project Expenses	-	21,86,750
Advertisement	71,832	-
Licence & Registration	9,29,307	-
Machinery Repairs	21,84,610	24,17,499
Interest	66,90,389	-
<b>Total</b>	<b>1,36,64,322</b>	<b>73,80,853</b>

VIII) **EARNINGS IN FOREIGN EXCHANGE :**

FOB value of Exports	4,69,72,754	14,62,75,659
	4,69,72,754	14,62,75,659

15. **Earnings per share :**

a) Profit after tax per Profit & Loss A/c (Rs. in Lacs)	1063.55	912.45
b) Weighted average number of equity shares outstanding	5984200	5984200
c) Basic and diluted earnings per share in rupees (face value - Rs. 10/- per share.)	17.77	15.25





16. Information on related party transactions as required by Accounting Standard - 18 for the year ended 31st March, 2010. (Rs. in Lacs)

Name of Related Party	Company controlled by directors/relatives	Directors	Relatives of Directors
Sale of Goods	640.81 (679.19)		
Conversion Charges Receipt	3.68 (4.07)		
Interest Received	32.15 (49.07)		
Testing Charges Receipt	0.63 (0.34)		
Purchase of Goods	232.53 (168.78)		
Processing of Goods (expenses)	3.53 (0.87)		
Commission paid on order/sales	96.97 (92.94)		
Interest paid on loans/deposits	22.66 (11.13)	45.54 (40.77)	12.73 (1.51)
Rent Paid	15.60 (18.00)		
Hire Charges Payment	2.20 (0.80)		
Remuneration		160.93 (120.11)	
Outstanding as on 31.03.2010 Amount Receivable	699.49 (464.41)		
Amount Payable	23.59 (41.50)		0.50 ( Nil )
Advances	118.64 (106.64)		
Unsecured Loans	588.40 (92.56)	414.98 (340.79)	Nil (24.13)

Companies controlled by Directors/Relatives: Sangam Forgings Pvt. Ltd., Prabha Plantations Pvt. Ltd., Sim Prabha Estates & Trading Co. Pvt. Ltd., Sim Amrit Estates & Trading Co. Pvt. Ltd. and SEFW Projects Pvt. Ltd.

Directors: S/Shri Arvind Shah, Moolchand R. Shah, Ketan M. Shah & Shailesh A. Shah

Relatives of Directors: Smt Jayshree S. Haria, Smt. Amrit A. Shah, Smt. Prabha M. Shah & Smt. Monica S Shah.

17. The major components of deferred tax assets and liabilities are as follows:

	As at 31 - 03 - 2010	As at 31 - 03 - 2009
<b>Deferred tax liabilities</b>		
Tax effect due to - Difference between written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961.	57976376	51161852
<b>Total</b>	<u>57976376</u>	<u>51161852</u>
<b>Deferred tax assets</b>		
Tax effect due to - Expenses allowable on payment basis	968715	917730
<b>Total</b>	<u>968715</u>	<u>917730</u>
Net Deferred Tax Liability	57007661	50244122
<b>Incremental liability/(asset) charged to Profit &amp; Loss</b>	<u><b>6763539</b></u>	

As per our report of even date

**Ketan M. Shah**  
Managing Director

**Shailesh A Shah**  
Director

MUMBAI/Dtd. : 10.07.2010  
BHILAI/Dtd. : 10.07.2010

**For M/s TAUNK & SRIKANTH.**  
Chartered Accountants

**(N. K. TAUNK)**  
Partner  
Membership No 30421

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2010**

		2009 - 2010 Rs.	2008 - 2009 Rs.
<b>A. Cash Flow from Operating Activities</b>			
Net Profit before Tax and Extra-Ordinary items		163,202,202	141,163,369
Adjustments for:			
- Depreciation		41,039,534	37,079,042
- Interest paid		61,909,483	78,928,129
- (Profit)/Loss on Sale of Assets		(1,984,787)	927,140
- Dividend Income		(18,000)	(58,487)
Operating Profit before Working Capital Changes		<u>264,148,432</u>	<u>258,039,193</u>
Changes in Working Capital			
(Increase) / Decrease in Inventory		12,862,695	13,427,995
(Increase) / Decrease in Debtors		(96,032,771)	7,573,334
Increase / (Decrease) in Liabilities		(9,044,554)	(41,770,997)
(Increase) / Decrease in Other Current Assets		<u>(27,249,347)</u>	<u>34,565,806</u>
Cash generated from Operations		<u>144,684,455</u>	271,835,331
Direct Taxes (incl FBT) paid		<u>(60,100,373)</u>	<u>(36,875,871)</u>
Cash Flow before Extra Ordinary Items		<u>84,584,082</u>	234,959,460
Receipts for prior years		36,043	33,322
Payments of Prior years		<u>(1,484,715)</u>	<u>(65,547)</u>
Net Cash from Operating Activities	A	<u>83,135,410</u>	<u>234,927,235</u>
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets		(113,374,324)	(111,843,851)
Sale of Fixed Assets		3,983,300	1,115,000
Dividend Received		18,000	58,487
Decrease/(Increase) in Investments		<u>70,000</u>	<u>(44,087)</u>
Net Cash used in Investing Activities	B	<u>(109,303,024)</u>	<u>(110,714,451)</u>
<b>C. Cash Flow from Financing Activities</b>			
Borrowings from Bank		(16,678,913)	605,997
Interest free loan from MPAKVN		(4,912,494)	(8,047,376)
Term Loan/Vehicle Loan Receipts / (Payments)		85,942,175	(29,756,102)
Increase / (Decrease) in Other Borrowings		33,958,246	12,012,377
Interest Paid		(55,636,007)	(84,297,336)
Dividend Paid		(11,565,477)	(8,737,041)
Dividend Tax Paid		<u>(2,034,030)</u>	<u>(1,525,522)</u>
Net Cash from Financing Activities	C	<u>29,073,500</u>	<u>(119,745,003)</u>
<b>Net Increase (A + B + C)</b>		<u>2,905,886</u>	<u>4,467,781</u>
Cash & Cash Equivalent on 01.04.2009 (Opening Balance)		<u>33,276,754</u>	28,808,973
Cash & Cash Equivalent on 31.03.2010 (Closing Balance)		<u>36,182,640</u>	<u>33,276,754</u>
<b>NET INCREASE / (DECREASE)</b>		<u>2,905,886</u>	<u>4,467,781</u>

Note:- Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standards(AS-3) "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.

As per our report of even date

**Ketan M. Shah**  
Managing Director

**Shailesh A Shah**  
Director

MUMBAI/Dtd. : 10.07.2010  
BHILAI/Dtd. : 10.07.2010

**For M/s TAUNK & SRIKANTH.**  
Chartered Accountants

**(N. K. TAUNK)**  
Partner  
Membership No 30421



**Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956.  
Balance Sheet Abstract and a Company's General Profile :**

**I. Registration Details**

Registration No. :	67459	State Code :	11
Balance Sheet Date :	31.03.2010		

**II. Capital Raised during the year**

**(Amount Rs. in lacs.)**

Public Issue :	NIL	Right Issue :	NIL
Bonus Issue :	NIL	Private Placement :	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	12360.67	Total Assets	12360.67
Sources of Funds			
Paid up Capital	598.42	Reserves & Surplus	4908.96
Secured Loans	5270.72	Unsecured Loans	1012.49
Deferred Tax Liability (Net)	570.08		

**Application of Funds**

Net Fixed Assets	6243.37	Investments	8.95
Net Current Assets	6108.35	Accumulated Losses	0.00

**IV. Performance of Company**

Turnover (Gross Revenue)	16497.25	Total Expenditure	14865.23
Profit Before Tax	1632.02	Profit after Tax	1063.55
Earning per share Rs.	17.77	Dividend (%)	

**V. Generic Names of Three Principal Products of Company (as per Monetary terms)**

i.	Item Code No. (ITC Code)	84542002
	Product Description	Ingot Moulds
ii.	Item Code No. (ITC Code)	72241000
	Product Description	Alloy Steel Ingots
iii.	Item Code No. (ITC Code)	84179000
	Product Description	Parts of Industrial Furnaces and Ovens-Door Bodies



## SIMPLEX CASTINGS LTD.

Regd. Office : 601/602 A, Fairlink Centre, Off Andheri Link Road, Andheri (West), Mumbai - 400 053.

### PROXY FORM

Reg. Folio No. \_\_\_\_\_ DP ID No.\* \_\_\_\_\_ Client ID No.\* \_\_\_\_\_

\*Applicable for members holding shares in electronic form.

I/We \_\_\_\_\_

of \_\_\_\_\_ being Member(s)

of **SIMPLEX CASTINGS LTD.** hereto appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Friday 17th day of September, 2010 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon House, 6th floor, 12, K. Dubhash Marg, Fort, Mumbai 400 001 and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Rs. 1/-  
Revenue  
Stamp

Signed by the said \_\_\_\_\_

- NOTE :
1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
  2. Those members who have multiple folios with different proxyholders may use zerox copies of this Attendance Slip/Proxy.

TEAR HERE

## SIMPLEX CASTINGS LTD.

Regd. Office : 601/602 A, Fairlink Centre, Off Andheri Link Road, Andheri (West), Mumbai - 400 053.

### ATTENDANCE SUP

I hereby record my presence at the 30th Annual General Meeting of SIMPLEX CASTINGS LTD. held on Friday 17th day of September, 2010 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce & Industry, Oricon House, 6th floor, 12, K. Dubhash Marg, Fort, Mumbai 400 001.

Full Name of Member (In Block Letters)

Signature

Reg. Folio No. \_\_\_\_\_ DP ID No.\* \_\_\_\_\_ Client ID No.\* \_\_\_\_\_

\*Applicable for members holding shares in electronic form.

Full Name of Proxy (In Block Letters)

Signature

- NOTE :
1. Member/ Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting.
  2. Member/ Proxyholder wishing to attend the meeting should bring his copy of the Annual Report for reference at the meeting.







If undelivered please return to:  
**SIMPLEX CASTINGS LTD.**  
601/602 A, Fair Link Centre, Off Andheri Link Road,  
Andheri (West), Mumbai - 400 053 (INDIA)  
Website : [www.simplexcastings.com](http://www.simplexcastings.com)