



2007-08

ADITYA FORGE LIMITED

DIRECTORS

SHRI NITIN R. PAREKH Chairman &
Managing Director
SHRI PANKAJ R. PAREKH Director
SHRI MAHESH NANDANI Director
SHRI SUBHASH DALAL Director
SHRI VISHNUBHAI PATEL Director

AUDITORS

M/S K J SHAH & CO.
Chartered Accountants
1st Floor, Satsang Apartment,
Kothi – Salatwada Road
BARODA – 390 001.

REGISTERED OFFICE

412 TO 415,G.I.D.C.,
RAMANGAMDI, POR – 391 243,
DIST. BARODA.

FACTORY

412 TO 415,G.I.D.C.,
RAMANGAMDI, POR – 391 243,
DIST. BARODA.

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of members of **ADITYA FORGE LIMITED** will be held at Registered Office of the Company at 415, GIDC, Ramangamdi, NH 8, POR, Dist. Vadodara on Tuesday the 30th September 2008 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account for the period ended on that date and the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Pankaj Parekh who retires by rotation and is eligible for re-appointment.
3. To appoint an Independent Director in Place of Mr. Mahesh Nandani who retires by rotation and is eligible for re-appointment
4. To reappoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not to be a member.
2. Proxies, in order to be effective, should be duly stamped, completely signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The register of members of the Company will remain closed on 29th and 30th September, 2008.
4. Members desirous of getting any information about the accounts and operations of the company are requested to send their queries at the Registered Office well in advance so that the same may reach the office at least seven days before the date of meeting to enable the management to keep the information required readily available at the meeting.
5. Members holding shares in identical order of names in more than one folio are requested to write to the company to consolidate their holding in one folio.
6. Members are requested to notify change in address, if any immediately to the Company at its registered office quoting their folio number.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Statement of Accounts for the financial year ended on 31st March 2008.

a. FINANCIAL AND WORKING RESULTS :

Particulars	2007-08 Rs.	2006-07 Rs.
Total Income	65029131	42532891
Gross Profit/(Loss) before Depreciation	174247	3022638
(Less) : Depreciation	3760252	3735921
Profit/(Loss) Before taxation	(3586005)	(713283)
(Less) : Provision and Adjustments for Taxation	219562	(298526)
Net Profit/(Loss) for the year	(3366443)	(10,11,809)
Add: Debit Balance brought forward	(50757068)	(49834906)
Balance carried to Balance Sheet	(54123511)	(50757068)

b. YEAR IN RETROSPECT:

Suspension of operations by Madhavpura Mercantile Co. Op. Bank Ltd, our banker, their non-cooperation for agreeing to a rehabilitation package in time at BIFR, has badly affected financial health of the Company. In order to combat with the situation, your Company exclusively concentrated on job work. However during the year under report, an effort was made to increase the production activity. Accordingly, efforts were made to enter the market as Manufacturer / Producer of Stainless Steel and Carbon Steel flanges during last year, but did not yield good results in the event of non-availability of working capital funds.

As already informed, your company had been approved term Loan and Working Capital Facilities by aforesaid Bank. Due to their financial failure in the year 1999-2000, they did not release the working capital matching with your company's requirement based on expanded / installed capacity. Nevertheless, the said bank in a futile effort to recover the entire sum financed and to save itself from the financial embargo created by its Directors, filed suits against your company and its directors, including base less criminal cases. The very fact that your company has been involved in manufacturing activity and had commissioned the project as per plans presented to bank.

Your directors are pleased to inform that despite all these adversities, your company has made progress in last couple of years, gradual increase in margins with job work done.

In the last report, you were informed that, reference has been made to the Board for Industrial and Financial Reconstruction (BIFR) for registration of the Company as a sick Company in view of total erosion of net worth, BIFR has registered our reference with File No. 347/2003 and now that the BIFR has declared the company a sick company under SICA on 25.05.2006. Your company has already approached with a rehabilitation programme, with definite plan for the revival of the company. As said earlier in this report on account of the lead banker viz. Madhavpura Mercantile Co. Op. Bank not coming forward with its acceptance OR otherwise, has jolted the efforts of the directors to revive the unit at the earliest.

Your Directors have been taking several measures to arrest this downturn and improve performance and profitability. This initiative is primarily in the areas of quality, product development and cost reduction. These measures are expected to further improve the operations of the company and /strengthen its competitiveness.

c. DEPOSITS :

The Company has not accepted any deposit within the meaning of the companies (Acceptance of Deposits) Rules, 1975.

d. DIVIDEND

In view of accumulated losses, your Directors do not recommend Dividend.

e. PARTICULAR OF EMPLOYEES :

There was no employee drawing remuneration of Rs.24,00,000 p.a. or Rs.2,00,000 p.m. for part of the year or more and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975.

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

Information on conservation of energy, technology absorption, foreign exchange earning and outgo as required to be disclosed in terms of 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 set out in Annexure A And forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

1. Your Directors have followed the applicable Accounting Standards along-with proper explanation relating to material departures, if any, while preparing the annual accounts.
2. Your Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for the period.
3. Your Directors 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.
4. Your Directors have prepared the Annual Accounts on a going concern basis.

f. AUDITORS REPORT

Observation made by the auditors in their report annexed to the Balance Sheet, are self-explanatory and hence, no comment is offered.

g. AUDITORS

M/s. K. J. Shah & Co., Chartered Accountants, Statutory Auditors who hold office up to the conclusion of ensuing Annual General Meeting. You are requested to reappoint them as Auditors and fix their remuneration, as they are eligible for reappointment.

h. DIRECTOR

Director; Shri Pankaj R. Parekh and Mr. Mahesh Nandani retires by rotation and being eligible offers themselves for re-election. You are requested to reappoint him.

i. ACKNOWLEDGEMENT

The Board of Directors is pleased to place on record their sense of gratitude for the continued support by , Share Holders, banks and other associates.

By Order of Board
ADITYA FORGE LIMITED

Place : Vadodara
Date : 05.09.2008

NITIN R. PAREKH
Chairman

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (i) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2005.

CONSERVATION OF ENERGY

The Company continued its efforts to save energy and reduce cost at every stage of production in consultation with technical experts engaged from time to time. Details for power and fuel consumption as required under Sec-217 (i) (e) of the Companies Act 1956, are as follows:

PARTICULARS	AS AT 31.3. 2008
I) Electricity Purchased	
Quantity: Units	440132
Cost : Rupees	2794080
Rate per Unit: Rupees	6.34
II) Furnace Oil Purchases	
Quantity: LTR	269806
Cost : Rupees	8566350
Rate per LTR: Rupees	31.75

TECHNICAL ABSORPTION: N/A

FOREIGN EXCHANGE EARNINGS & OUT GO:

The Company has neither earned nor incurred loss in form of foreign exchange.

RESEARCH & DEVELOPMENT (R & D)

No expenditure is incurred on R & D.

By Order of Board
ADITYA FORGE LIMITED

Place: BARODA
Date: 05.09.2008

NITIN R. PAREKH
Chairman

CORPORATE GOVERNANCE REPORT

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always been committed to the principles of good governance. The Company believes that all its operations and actions must serve the underlying objective of enhancing overall shareholder value over a sustained period of time to protect the interest of all the shareholders.

II BOARD OF DIRECTORS

Composition of the Board:

Total Strength of the Board of Directors of the Company is 5 comprising of the Executive (being non-independent Promoter Directors) and one non-executive promoter director and three Independent Directors.

Composition of Board of Directors as on 31-3-2008.

Name of Directors	Category	No. of Board Meeting Attended	Attendance at last AGM held on 30-09-06	No of Directorship in other Companies		No. of Committee Membership in other companies	
				Company	Meetings	Company	Meeting
Nitin R Parekh	Managing Director – Promoter	6	Yes	2	0	0	0
Pankaj R Parekh	Director – Promoter	6	Yes	2	1	0	0
Mahesh Nanadani	Independent Director	3	Yes	2	0	0	0
Subhash Dalal	Independent Director	3	Yes			0	0
Vishnu Patel	Independent Director	3	Yes			0	0

III AUDIT COMMITTEE

The Audit Committee comprises of Shree Subhashbhai Dalal - Independent Director as Chairman of the Committee, Vishnubhai Patel, the other Independent Director as member and Mr. Nitin Parekh, CMD of the Company as Member and regular meetings are being conducted.

IV REMUNERATION COMMITTEE

The Committee comprises of all independent non-executive directors with Shree Vishnubhai Patel as Chairman and Shree Subhash Dalal and Shree Mahesh Nandani as other members. The remuneration committee of the Company aims at rewarding performance, based on systematic and periodical review of achievements. The remuneration policy is in consonance with the prevailing industrial practices and laws. During the year, one meeting of the Committee was held and was attended by all members.

Remuneration paid to the Executive Directors

Particulars	Nitin R Parekh
Category	Managing Director
Salary & Perquisites	4,50,000/-

Remuneration paid to the Non-Executive Directors

Neither sitting fee nor any other compensation is paid to non-executive directors.

III AUDIT COMMITTEE

Composition as at 31st March 2008: The Audit Committee has been constituted with an objective of monitoring and maintaining the standard of financial accuracy, adequate transparency and full disclosures of facts and opinion of various share holders. During the year, the committee met four times i.e. on 15th April 2007, 15th July 2007, 16th October 2007, and 15th January 2008.

Name of the Member	No of Meetings Attended
Mr. Subhash Dalal – Chairman	3
Mr. Vishnu Patel – Member	3
Mr. Nitin Parekh – Member	6

Mr. Subhash Dalal, Chairman of the Audit Committee attended the last AGM to Answer Share Holders queries. All the members of the audit committee are having financial and accounting knowledge. Terms of reference is to deal with all the matters as contemplated in section 292 A of the Companies Act 1956 read with clause No 49 of the listing agreement and any other matter as may be referred by the Board of Directors from time to time.

V SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Share Holder's / Investor's Grievances Committee constituted by the Board of Directors is comprised of Shree Mahesh Nandani, Independent Director as Chairman and Shree Pankaj Parekh as well as Shree Nitin Parekh as members. The committee supervises the mechanism of Investor Grievance redress and ensures cordial investor relations. The Company has appointed Mr. R Selvaraj as compliance Officer.

VI GENERAL BODY MEETINGS

The last three Annual General Meetings (AGMs) of the Company were held as detailed below:

Financial Year ended	Date	Venue	Time	Types of the resolutions passed
31-3-2005	30-9-2005	--- do --	11.00 am	Ordinary- 3 Special - 1
31-3-2006	30-09-2006	--- do --	11.00 am	Ordinary- 3 Special - 3
31-3-2007	30-09-2007	--do--	11.00 am	Ordinary -3 Special - 1

Process of the Annual General Meeting

All special resolutions moved at the AGMs were passed unanimously on a show of hands by the shareholders present at the meeting. No matter was required to be passed by postal ballots as prescribed under the Provisions of Section 192 A of the Companies Act 1956. The Company advocates and follows a very transparent system of management and encourages shareholders' participation in the Annual General Meeting. The Company ensures that the Notice of the AGM, along with the Annual Report of the Company is dispatched to the shareholders in advance to enable them to participate in the meeting.

VII DISCLOSURES

Details of non – compliance by the company, penalties, strictures, imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last three years.

There were no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter related to capital markets, during the last three years.

VIII MEANS OF COMMUNICATION

The Company generally publishes its quarterly, half yearly and annual results, one in English other one Gujarati. Management Discussion & Analysis also forms part of this Annual Report, which is being dispatched to the shareholders of the Company.

IX GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

The Sixteenth Annual General Meeting of the Company is scheduled to be held on:

Date & Time	:	15 th October, 2008 at 11-00 A. M.
Venue	:	415, GIDC Ramangamdi, POR Dist Vadodara
Book Closure Date	:	29 th and 30 th September 2008
Dividend	:	NIL

Financial Calendar for 2007-08

Next Financial Year of the Company	01/04/2008 to 31/03/2009
Financial Reporting for the quarter ending	Proposed Dates
- June 2009	July 2009
- September 2009	October 2009
- December 2008	January 31, 2008
- March 2009	April 30, 2008
- Audited Yearly Results	Mid August 2009
Listing on Stock Exchanges	- Vadodara Stock Exchange Ltd. - Bombay Stock Exchange Ltd, Mumbai

Listing on Stock Exchange and the Stock Code Allotted

The Company's Equity Shares are presently listed at following Stock Exchanges:

1. Vadodara Stock Exchange Ltd. (Regional Stock Exchanges);
2. Bombay Stock Exchange Ltd Mumbai

ISIN No.:

The ISIN allotted to company is INE281H01013

Registered and Share Transfer Agent (RTA)

The Company has appointed M/s Pinnacle Share Registry Pvt. Ltd., Ashoka Mill Compound, Naroda Road, Ahmedabad as their RTA

Share Transfer System

Share transfers in prescribed form can be lodged with the RTA at the address given and published in this report and on the Company's website www.adityaforge.com. The transfers are normally processed by the Registrar and Transfer Agent within 30 days from the date of receipt, if the documents are complete in all respect. Shares transfers under objection are returned within two weeks.

The Transfer Committee meets regularly normally twice in a month to approve all the transfer proposals. All requests for dematerialisation of shares are processed by RTA after the application for ISIN has been approved by the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

Distribution of Share Holding as on 31st March, 2008.

Holdings Amount (Rs.)	Shareholders		Shares	
	Number	% to total	Number	% to Total
Upto 5,000	4884	98.32	2608300	60.54
5001 to 10,000	45	0.91	335400	7.78
10001 and above	38	0.77	1364900	31.68
Total	4712	100.00	4308600	100.00

Shareholding Pattern as on 31st March, 2008.

Category	No. of Shares Held	% of Shares Holding
Promoters	1651700	38.34
a. Mutual Funds & UTI	0	0
b. Banks, FI's Insurance Companies	0	0
Foreign Institutional Investors	0	0
Private Corporate Bodies	578343	13.42
NRI's / OCB's (other than Promoter Group)	30300	0.70
Indian Public	2048257	47.54
Total	4308600	100.00%

- Number, of GDR outstanding as at 31st March, 2008 : NIL
- Plant Location of the Company & Address for Communication :
415, GIDC
RAMANGAMDI – POR
PIN 391243
Dist Vadodara-Gujarat

X COMPLIANCE

As stipulated by Listing Agreement with the Stock Exchanges, the Company has obtained the certificate regarding compliance of Corporate Governanc from M/s. D. Pathak & Associates, Practicing Company Secretaries, which appears as a part of the Annual Report of Company.

Management Discussion and Analysis.**1. Business Analysis:**

Your Company is engaged in manufacturing of Forged Items from Stainless Steel and Carbon Steel. The Forged Flanges have been the prime sales item followed by forged bars.

2. Industry Structure and Development:

Looking to the world scenario, per capita consumption of steel in India is much less than in developed as well developing countries of the world. The Indian steel sector has seen an average growth of 8.5 % during past, which is matching with the GDP Growth of the country. With the expectation of same level of growth in our country, there appears to be great potential for increase in per capita consumption of steel in India. Further, the need for flanges has also witnessed steep rise in the recent past with the development of the petroleum industry and the movement of liquid gold through pipelines.

3. Opportunities, Threats, Risks & Concerns:

The pace of growth and development that has taken place in the recent past has helped the company to have better business opportunities. The resilient Indian economy promises a sustained higher growth for our buoyant industry with increased opportunities. In view of the proposed major expansion plans of public sector units comprising of oil & Gas, petrochemicals, power, fertilizers etc. the Company foresees many more opportunities for its sales growth. It is registered as an approved vendor with leading certifying agencies and making efforts for orders on its own capacity.

The Company has to formulate system and procedures to have all controls including financial so as to have more effectiveness. Major threats to the Company are downturn in private sector industrialisation growth, competitive bidding, low margins, and limited suppliers of basic raw material which may adversely affect the production cycle. However, the Company is gearing up to steer through the new challenges.

4. Risk Management :-

With the stricter cost control and design of growth plan within the constraints would help the company to combat risk and ensure steady growth.

5. Internal Control & their Adequacy:

The Company has internal control system and procedures commensurate with the size of the Company. The Company is still endeavoring to improve and strengthen its system of internal controls.

6. Statutory Compliances:-

After obtaining confirmation from the various departments of the Company in respect of compliance with all the statutory requirements, a declaration regarding compliance of the provisions of various statutes is made by the Managing Director at each Board Meeting and derivatives, if any, are brought to the notice of Directors with reasons and remedial measures taken to comply the same. The compliance officer ensures compliance of the SEBI Regulations and provisions of Listing Agreement.

7. Quality :-

With the opening up of economy, Indian Industry is exposed to fierce global competition where quality reckons the most. The company has taken adequate steps for ensuring quality control and upgradation.

8. Financial and Operational Performance:

Financial and Operational Performance have been elaborated in Paragraph 1 & 2 of Director's Report in the Annual Report.

9. Human Resource & Industrial Relations:

The Company firmly believes that good Human Resources are the key to growth and success and recognises training as an integral part of Employee Development. Industrial Relations continued to be cordial through out the year.

10. Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's position and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important that may make a difference to the Company's operations include among others are economic conditions affecting demand/ supply and price conditions in the market in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members,
Aditya Forge Limited,

We have examined all relevant records of Aditya Forge Limited as made available to us for the purpose of certifying compliance under clause 49 of the Listing Agreement of the said company with Stock Exchanges in India for the financial year ended 31st March 2008

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

On the basis of our examinations of the records produced and the explanations and information furnished to us, the company has generally complied with all the mandatory conditions of the said clause of the listing agreement clause 49

We state that in respect of investor grievances received during the year ended 31st March 2008, no investor grievances are pending against the company for a period exceeding one month as per the records maintained by the company.

For D Pathak & Associates,
Practising Company Secretaries

Dated: 05.09.2008
Place: Vadodara

DEVESH A PATHAK
Proprietor
FCS 4559

AUDITORS' REPORT

The Members

ADITYA FORGE LIMITED

We have audited the attached Balance Sheet of ADITYA FORGE LIMITED as at March 31, 2008 and also the Profit & Loss Account for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Sec.227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and as per the information and explanations given to us we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable to company.
2. Further to our comments in the Annexure referred to in the paragraph 1 above and subject to Note No 1 in Schedule No 21 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 accounts as required by the Law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet and the Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Profit & Loss Account and the Balance Sheet dealt with by this report, comply with the accounting standards referred and Cash Flow Statement to in sub - section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on 31 March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a 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 Accounting policies and 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.
 - 2) In case of the Balance Sheet of the state of affairs of the Company as at March 31, 2008.
 - 3) In case of Profit & Loss Account of the Loss for the year ended on that date and
 - 4) In case of Cash Flow Statement of the Cash Flow for the year ended on that date.

For K.J.SHAH & Co.
Chartered Accountants

(Kamlesh J Shah)
Proprietor
Membership No.42390

Place : Vadodara
Date : 05.09.2008

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets. Such records are kept under updating at Head Office.

(b) All major assets have been physically verified by the management periodically which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.

(c) No substantial part of fixed assets has been disposed off during the year.
2. (a) Inventory has been physically verified during the year by the management at reasonable intervals. In our opinion frequency of verification is reasonable.

(b) Procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion, the Company is maintaining proper records of inventory. No major discrepancies has been noticed on physical verification of inventory as compared to book records.
3. (a) The company has taken unsecured loan from Members and Directors and parties covered in the register maintained u/sec 301 of the Companies act, 1956. In our opinion the terms of loans, prima facie, are not prejudicial to the interest of the Company.

(b) The Loans granted by the Company to parties, Firms or Companies listed in the register maintained u/s 301 of the Companies act 1956 or to companies under the same management as defined u/s 370(1-B) of the Companies Act 1956, are not prejudicial to the interest of the Company. The Loans are granted interest free and repayment of the principal amount is not specified hence no reporting is made regarding interest thereon and overdue amount.
4. In our opinion, and according to the information and explanation given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the transactions in which directors are interested as contemplated u/sec.297 and sec.299 Of the Companies Act,1956 and which were required to be entered into the register maintained under section 301 of the Act, have been so entered.

(b) According to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
6. In our opinion and according to the information and explanations given to us, Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Act and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system *which needs to be improved* commensurate with the size & nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of these such books and records with a view to determine whether they are complete.

9. According to the records of the Company, undisputed statutory dues of Provident Fund, investor education and protection fund, Income-tax, Service tax, Sales-tax, Custom Duty, Excise duty, Cess and other statutory dues applicable to it have *not been generally regularly deposited with the appropriate authorities during the year*. The extent of arrears of such outstanding statutory dues as at 31st March 2008 for a period more than six months from the date they become payable are pertaining to *dues of G.I.D.C. (under dispute) Rs.11.67 Lacs*.
10. There are accumulated losses of Rs.541.24 lacs of the Company at the end of the financial year. There are no cash losses in the financial year and in the immediately preceding financial year.
11. *The management has neither paid nor provided for interest on Term Loan and Cash Credit Facilities of Madhavpura Mercantile Co. Operative Bank Ltd.*
- We have been informed by the management that, there existing bankers namely Madhavpura Mercantile Co. Operative Bank Ltd. Is facing sever financial crisis and it is not functioning since March, 2001 and these bankers are seeking assistance of fellow co-operative banks, State Government & Central Government. Further the company has filed legal suit of Rs. 12.16 Crores against the said Bank. Except above the Company has not defaulted in repayment of dues to any bank or Financial Institutions.*
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund/ Nidhi/Mutual Benefit fund/ Society and hence the related reporting requirements are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from financial institutions and/or banks.
16. No term loan has been obtained during the year by the Company.
17. (a) According to the information and explanations given to us, and on the basis of an overall examination of the balance sheet of the company, the funds raised on short-term basis have not been applied for long-term investments.
- (b) Long term funds was partly applied for financing core working capital in consonance with the principles of sound financial Management.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to companies and parties covered in the register maintained under section 301 of The Companies Act, 1956
19. According to the information and explanations given to us, during the year of audit report the Company has not issued debentures.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For **K.J.SHAH & Co.**
Chartered Accountants

Place : Vadodara
Date :05.09.2008.

(**Kamlesh J Shah**)
Proprietor
Membership No.42390

BALANCE SHEET AS AT 31/03/2008

	Schedule	March 31,2008 (Rupees)	March 31,2007 (Rupees)
SOURCE OF FUND			
A) SHARE HOLDERS FUND			
(a) Share Capital	1	4,30,86,000	4,30,86,000
(b) Reserves & Surplus	2	-	-
		4,30,86,000	4,30,86,000
B) LOANS	3		
(a) Secured Loans		6,41,34,336	6,45,97,484
(b) Unsecured Loans		35,24,158	31,84,158
		6,76,58,494	6,77,81,642
C) DEFERRED TAX LIABILITY (NET)		-	2,57,839
GRAND TOTAL (A + B + C)		11,07,44,494	11,11,25,481

APPLICATION OF FUNDS

A) FIXED ASSETS	4		
a) Gross Block		9,05,56,622	8,82,12,007
Less : Depreciation		3,38,59,760	3,03,23,716
Net Block		5,66,96,862	5,78,88,291
c) Advance against capital Items.		10,20,000	3,20,000
		5,77,16,862	5,82,08,291
B) INVESTMENTS	5	16,56,600	16,56,600
C) DEFERRED TAX ASSET		48,987	
D) ADVANCES			
a) Inventories	6	1,15,71,917	19,15,040
b) Sundry Debtors	7	32,47,564	80,99,770
c) Cash & Bank Balances	8	(31,09,310)	1,58,955
d) Loans & Advances	9	51,37,799	38,93,138
		1,68,47,970	1,40,66,903
Less : CURRENT LIABILITIES & PROVISIONS	10	2,02,45,752	1,43,17,956
NET CURRENT ASSETS / (LIABILITIES)		(33,97,782)	(2,51,053)
F) MISC EXPENDITURE	11	5,96,316	7,54,576
(To the extent not written off/adj)			
G) PROFIT & LOSS ACCOUNT		5,41,23,511	5,07,57,068
TOTAL		11,07,44,494	11,11,25,481
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS SCHEDULE 1 TO 20 REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS	20	(0.00)	-

AS PER OUR ATTACHED REPORT OF EVEN DATE

For K J SHAH Co.
Chartered Accountants(KAMLESH J SHAH)
PROPRIETOR
MEMBERSHIP NO 42390Place : Baroda
Date : 05.09.2008FOR & ON BEHALF OF BOARD
For Aditya Forge LimitedSHRI NITIN R. PAREKH
Chairman & Managing DirectorSHRI PANKAJ R PAREKH
Director
Place : Baroda
Date : 05.09.2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2008

	Schedule	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
INCOME			
SALES	12	6,50,29,131	4,56,23,620
OTHER INCOME	13	1,66,337	59,267
INCREASE / (DECREASE) IN STOCK	14	96,56,877	(31,49,996)
		7,48,52,345	4,25,32,891
EXPENDITURE			
Raw Material, Stores & Spares consumed	15	5,41,84,435	2,21,33,743
Manufacturing Expenses	16	1,42,27,569	1,33,61,000
Administrative Expenses	17	60,34,362	33,28,274
Selling & Distribution Expenses	18	1,57,683	5,78,479
		7,46,04,049	3,94,01,496
Profit/(Loss) before financial Charges			
Depreciation & Taxation		2,48,295	31,31,395
Financial Charges	19	74,048	1,02,321
Prior Period Expenses		-	6,436
Depreciation		37,60,252	37,35,921
Profit / (Loss) for the year		(35,86,005)	(7,13,283)
Less : Provision For Income Tax		-	-
Less : Deferred Tax Liability		(3,06,826)	1,88,176
Less : Provision For Fringe Benefit Tax		87,264	1,10,350
Net Profit After Tax		(33,66,443)	(10,11,809)
Less : Current Year MAT Deposit		-	-
Amount Available For Appropriation		(33,66,443)	(10,11,809)
Debit Balance B/F from last year		(5,07,57,068)	(4,98,34,906)
Less : Tax Adjustments For Prior Year			(89,647)
Less : Dividend Paid/Payable		-	-
Less: Corporate Dividend Tax.		-	-
Balance carried to Balance Sheet		(5,41,23,511)	(5,07,57,068)
Earnings Per Share			
- Basic		-0.85	-0.19
- Diluted		-0.85	-0.19
Accounting Policies and notes on accounts Schedule 1 to 20 on account referred to above form An integral part of accounts.	20		

AS PER OUR ATTACHED REPORT OF EVEN DATE
For **K J SHAH Co.**
Chartered Accountants

(KAMLESH J SHAH)
PROPRIETOR
MEMBERSHIP NO 42390
Place : Baroda
Date : 05.09.2008

FOR & ON BEHALF OF BOARD
Aditya Forge Ltd.

SHRI NITIN R. PAREKH
Chairman & Managing Director

SHRI PANKAJ R PAREKH
Director
Place : Baroda
Date : 05.09.2008

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)						
SCHEDULE - 1 SHARE CAPITAL								
Authorised								
60,00,000 Ordinary shares of Rs.10/- Each Issued	6,00,00,000	6,00,00,000						
46,00,000 Ordinary shares of Rs.10/- Each	4,60,00,000	4,60,00,000						
43,08,600 Subscribed paid up :	4,30,86,000	4,30,86,000						
43,08,600 Ordinary of Rs.10/- each fully paid up	4,30,86,000	4,30,86,000						
2560 Add : Party paid up	-	-						
	4,30,86,000	4,30,86,000						
Less : calls money due	-	-						
	4,30,86,000	4,30,86,000						
SCHEDULE - 2 RESERVES & SURPLUS								
General Reserve								
As per last balance Sheet	-	-						
Add : Set aside during the year	-	-						
	-	-						
Profit & Loss Account as per last Balance Sheet	-	-						
Add : Deficit	-	-						
	-	-						
Capital Reserve	-	-						
Subsidy received during the year	-	-						
	-	-						
SCHEDULE - 3 LOANS								
a) Secured Loans								
Cash Credit Account	2,21,85,334	2,21,85,334						
(Against Hypo. Of stock & book Debts.)								
Term Loan Account	4,19,49,002	4,19,49,002						
(Against Hypo. Of Plant & Machinery)								
Madhavpura Mercantile co op Bank Ltd.								
(secured Against equitable Mortgage of land & building and hypothecation of Plant & Machinery and other Fixed Assets)								
HDFC (Vehicle Fin.)	-	2,40,449						
ICICI Bank (Vehicle Fin.)	-	2,22,699						
Maruti Countrywide (Vehicle Fin.)	-	-						
	6,41,34,336	6,45,97,484						
b) Un-Secured Loans								
Loans from Directors	35,24,158	31,84,158						
	35,24,158	31,84,158						
SCHEDULE - 5 INVESTMENT								
	No of Shares	Book Value	Market Value	Total Investment	No of Shares	Book Value	Market Value	Total Value
Investment								
Madhavpura Mercantile Co-Op Bank Ltd.	16250	100	-	1625000	16250	100	1625000	
								(Unquoted)
Baroda City Co Op Bank Ltd	660	10	-	6600	660	10	6600	
								(Unquoted)
Gujarat State Financial Crpn. (Partly Paid)	2300	20	-	25000	2300	20	25000	
								(Unquoted)
			16,56,600				16,56,600	

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
SCHEDULE - 6 : INVENTORIES (As Taken, Valued and certified by the management of cost)		
Stock of Scrap	1,90,000	1,90,465
Stock in Process	84,70,170	14,00,575
Stock of Consumables	3,50,247	3,24,000
Finished Goods	25,61,500	-
(At cost of Market value whichever is less)		
	1,15,71,917	19,15,040
SCHEDULE - 7: SUNDRY DEBTORS		
More than Six Month		-
- Considered Good	5,99,320	12,35,049
- Not Considered Good	16,44,443	16,44,443
Others (Considered Good)	10,03,802	52,20,278
	32,47,564	80,99,770
SCHEDULE - 8: CASH & BANK BALANCES		
Cash on Hand	73,955	33,329
Bank Balances with Schedule Bank	(31,83,265)	1,25,626
	(31,09,310)	1,58,955
SCHEDULE - 9: LOANS & ADVANCES		
Advances recoverable in cash or Kind or for value to be received	5,10,764	11,46,967
Sundry Deposit	6,70,638	6,50,262
Advances to other	3,25,000	3,25,000
Advances with excise dept.	17,59,869	3,23,203
Advances to employees	2,63,790	1,64,600
Tax deducted at Source	13,09,391	9,44,188
Prepaid Exp.	-	32,831
Sales Tax Receivable	2,98,347	3,06,087
	51,37,798	38,93,138
SCHEDULE - 10: CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
For goods supplied by others	1,19,48,507	42,67,327
For Expenses	18,35,783	20,92,036
For Capital Goods	8,28,241	10,19,672
Advances from Customers	23,85,170	45,70,060
Statutory Liabilities	11,93,332	11,81,620
Outstanding Liabilities for expenses	19,33,252	10,76,891
Duties & Taxation	1,21,467	1,10,350
	2,02,45,752	1,43,17,956
SCHEDULE - 11: MISC. EXPENDITURE (to the extent not written off/adjusted)		
Share Issue Expenses	5,38,382	6,72,977
Preliminary Expenses	21,644	27,054
Deferred Revenue Expenses	36,290	54,545
	5,96,316	7,54,576
SCHEDULE - 12: SALES		
Indigenous Sales	4,37,91,183	57,87,381
Merchant Export Sales	-	1,97,16,250
Labour Charges Received	2,12,37,948	2,01,19,989
	6,50,29,131	4,56,23,620
SCHEDULE - 13: OTHER INCOME		
Interest on GEB Deposit	25,663	-
Sundry balance written off	1,06,892	42,355
Other Income (Inclusive of Prior period)	33,782	-
Interest on Income Tax Refund		16,912
	1,66,337	59,267

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31,2008 (Rupees)	March 31,2007 (Rupees)
SCHEDULE - 14: INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Goods under process	14,00,575	19,87,500
Finished Goods	-	25,91,006
Stock of Scrap	1,90,465	
Stock of Consumables	3,24,000	4,86,530
	<u>19,15,040</u>	<u>50,65,036</u>
Less : CLOSING STOCK		
Stock in Process	84,70,170	14,00,575
Stock of Consumables	3,50,247	3,24,000
Stock of Scrap	1,90,000	1,90,465
Finished Goods	25,61,500	-
	<u>1,15,71,917</u>	<u>19,15,040</u>
	<u>96,56,877</u>	<u>(31,49,996)</u>
SCHEDULE - 15: RAW MATERIAL & COMPONENTS		
Opening Stock	-	-
Add: Purchase (Including Purchased of traded Goods & consumables)	5,41,84,435	2,21,33,743
	<u>5,41,84,435</u>	<u>2,21,33,743</u>
Less : Closing Stock	-	-
	<u>5,41,84,435</u>	<u>2,21,33,743</u>
SCHEDULE - 16: MANUFACTURING EXPENSES		
ELECTRICITY CHARGES	27,94,080	23,41,081
FACTORY EXPENSES	99,691	1,77,601
FREIGHT & OCTROI INWARD	27,23,581	3,46,058
HEAT TREATMENT CHARGES	53,020	3,56,685
LABOUR CHARGES PAID	8,42,041	12,09,651
LABOUR WELFARE	15,638	-
LOADING - UNLOADING EXP.	38,782	66,221
REPAIRS & MAINTENANCE TO P & M	12,75,029	17,99,516
TESTING CHARGES	30,747	84,898
WAGES	63,54,961	69,79,289
	<u>1,42,27,569</u>	<u>1,33,61,000</u>
SCHEDULE - 18: SELLING & DIST. EXPENSES		
ADVERTISEMENT EXPENSE	22,316	10,378
PACKING & FORWARDING CHARGES	1,055	3,56,004
DISCOUNTS	8	42,018
FREIGHT & OCTROI OUTWARD	73,771	1,59,650
SALES PROMOTION	52,127	10,429
INSPECTION CHARGES	8,406	-
	<u>1,57,683</u>	<u>5,78,479</u>
SCHEDULE - 19: FINANCIAL CHARGES		
BANK CHARGES & COMMISSION	40,391	21,889
INTEREST OTHERS	7,870	20,054
INTEREST ON CAR FINANCE	25,788	60,178
PENALTY ON SALES TAX	-	200
	<u>74,048</u>	<u>1,02,321</u>

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31,2008 (Rupees)	March 31,2007 (Rupees)
SCHEDULE - 17: ADMINISTRATIVE EXPENSES		
Miscellaneous Expenses W/OFF	1,40,005	1,40,005
AUDITOR'S REMUNERATION	56,120	56,120
BAD DEBT WRITTEN OFF	1,46,132	-
BOILER INSPECTION FEE	4,860	-
BOOKS & PERIODICALS		2,095
CERTIFICATEION FEES	41,599	-
CONVEYANCE EXPENSES	10,465	8,010
DEMATERIALISATION EXP.		-
DIRECTOR'S REMUNERATION	3,00,000	3,00,000
DIESEL EXP.	3,763	15,114
DONATION	-	15,000
DEFERRED REVENUE EXP. W/OFF	18,255	18,255
FILLING FEES		6,150
FACTORY LICENCE FEES	5,000	3,000
GARDEN EXPENSES	18,889	20,316
INSURANCE	1,41,654	41,328
INTERNET CHARGES	4,200	1,818
LEGAL EXPENSES	50,084	9,550
LISTING FEES	10,300	-
LOSS ON SALES OF ASSETS	7,57,113	-
MEDICAL EXPENSE	76,683	36,750
MEMBERSHIP & SUBSCRIPTION	57,106	98,536
MIS. EXPENSES	40,736	65,396
OFFICE EXPENSES	1,50,212	1,42,613
POSTAGE TELEPHONES & TELEGRAM EXP.	12,700	3,06,568
PERQUISITE TO DIRECTOR	1,116	1,653
PRINTING & STATIONERY	29,618	45,807
PROFESSIONAL CHARGES	71,900	1,02,497
PROFESSIONAL TAX (COMPANY)	-	1,720
REPAIRS & MAINTENANCE	4,89,343	1,64,168
SECURITY EXPENSES	2,48,702	2,44,571
TRAVELING EXPENSES	16,34,454	2,85,466
TELEPHONE & TRUNKCALL	3,55,431	-
VEHICLE EXPENSES	3,17,797	6,05,798
G.I.D.C. CHARGES	48,100	-
Employees Cost		
SALARY	6,95,500	5,25,300
EMPLOYERS' CONT. TO PROVIDENT FUND	96,526	64,670
	60,34,362	33,28,274

ADITYA FORGE LTD.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 4 : FIXED ASSETS

SR NO.	PARTICULARS	GROSS BLOCK				DEPRICIATION				NET BLOCK	
		AS ON 01.04.2007	Addition During the year	Deduction During the year	Gross Block as on 31.03.2008	Depriciation up to 31.03.2007	Depreciation Adjusted	Depriciation for the year	Depreciation up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
		1	2	3	(1+2+3)	5	6	7	(5+6+7)	9	10
1	LEASE HOLD LAND	30,90,144	-	-	30,90,144	-	-	-	-	30,90,144	30,90,144
2	BUILDING	2,26,69,444	6,08,411	-	2,32,77,855	86,16,185	-	7,71,446	93,87,631	1,38,90,224	1,40,53,259
3	FURNITURE & FIXTURE	5,50,163	-	-	5,50,163	3,34,218	-	34,921	3,69,139	1,81,024	2,15,945
4	PLANT & MACHINERY	4,58,28,917	24,47,830	-	4,82,76,747	1,49,51,875	-	22,47,794	1,71,99,669	3,10,77,078	3,08,77,042
5	ELECTRICAL INSTALLATION	46,61,912	57,778	-	47,19,690	25,46,333	-	2,22,724	27,69,057	19,50,633	21,15,579
6	VEHICLES	18,26,506	2,70,035	14,36,431	6,60,110	5,19,020	2,24,208	94,777	3,89,589	2,70,521	13,07,486
7	DIES & JIGS	68,41,128	3,04,625	-	71,45,753	16,95,344	-	2,97,149	19,92,493	51,53,260	51,45,784
8	OFFICE EQUIPMENTS	11,63,577	3,743	-	11,67,320	7,01,560	-	71,971	7,73,531	3,93,789	4,62,017
9	LABORATORY EQUIPMENT	2,03,976	-	-	2,03,976	73,304	-	9,715	83,019	1,20,957	1,30,672
10	COMPUTERS	9,23,003	45,900	-	9,68,903	8,85,877	-	9,755	8,95,632	73,271	37,126
11	CAPITAL WORK-IN-PROGRESS	4,53,237	42,724	-	4,95,961	-	-	-	-	4,95,961	4,53,237
	TOTAL	8,82,12,007	37,81,046	14,36,431	9,05,56,622	3,03,23,716	2,24,208	37,60,252	3,38,59,760	5,66,96,862	5,78,88,291
	PREVIOUS YEAR	8,66,47,772	19,95,298	4,31,063	8,82,12,007	2,65,87,795	-	37,35,921	3,03,23,716	5,78,88,291	6,00,59,977

SCHEDULE: 20 SIGNIFICANT ACCOUNTING POLICES & NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008.**SIGNIFICANT ACCOUNTING POLICIES:****BASIS OF ACCOUNTING:**

The Company maintains its accounts on accrual basis. Accounting policies not referred to specifically otherwise, are consistent with generally accepted accounting policies. However certain escalation and other claims which are not ascertainable / acknowledged by customers are not taken into Account.

FIXED ASSETS:

Fixed assets are stated at cost of acquisition and subsequent improvement thereto.

DEPRECIATION ON FIXED ASSETS:

Depreciation on fixed assets is provided on straight-line basis at rates, which are in conformity with the schedule XIV of the Companies Act, 1956, except depreciation on computers which is provided for the residual value which is less than depreciation worked out. Depreciation is provided on all additions on pro-rate basis. Leasehold land has not been amortised.

INVENTORIES.

Stock-in-Trade Comprising of Raw Material and Component and Semi-Finished goods are stated of cost (arrived at on the first-in-first out method with the inclusion of appropriate manufacturing overheads where applicable) or net realisable value whichever is less. Finished Goods are valued at cost or market value whichever is less.

MODVAT /CENVAT

The refund of excise in the form of cenvat credit available on inputs of Materials as per Excise Laws is deducted from the landed cost of the materials and accordingly closing stock of input materials are valued net of Cenvat Credit.

PRELIMINARY & SHARE ISSUE EXPENSES

The captioned expenses have been written off to the extent of 1/10th every year.

FOREIGN EXCHANGE TRANSACTIONS:

During the year under audit no foreign exchange transactions are reported except Foreign Tour of Directors which has no relevance on Foreign Exchange Fluctuations.

NOTES ON BALANCE SHEET:

We have been informed by the management that, there existing bankers namely Madhavpura Mercantile Co. Operative Bank Ltd. Is facing severe financial crisis and it is not functioning since March, 2001 and these bankers are seeking assistance of fellow co-operative banks, State Government & Central Government. Due to non availability of foreign L.C. facilities and additional working capital finance, the company has incurred huge amount of loss on account of cancellation of Export Sales & Profit thereon.

The management has not provided for interest since 1999-2000.

The Madhavpura Mercantile Co.Op. Bank Ltd's petition for recovery of dues and other cases against from the company is pending. Further The company has disputed the amount outstanding and has already filed a suit of Rs.12,16,19,322/- out standing and a counter claim against the bank has been filled.

The accounts have been prepared on "Going concern concept" Since the company do not have intention to suspend the operational activities.

Taxes on Income: Current Tax is not provided in view of losses for the current year and Carry forward losses/ unabsorbed depreciation available for set off. In view of current years accounting losses MAT as per Sec. 115 JB of the Income Tax Act., 1961 has not been provided.

Deferred Tax is recognised subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. As per the Accounting Standard Deferred Tax Assets on Unabsorbed Depreciation and carry forward losses are to be recognized only if there is virtually certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Taking into consideration

Accounting Standard and Accounting Standard Interpretation - 9 (i.e ASI – 9) no Deferred Tax Assets are recognized on Unabsorbed Depreciation and on Carry forward Losses.

The company has only one business segments i.e. forging. Hence segment reporting as defined in accounting standard 17 is not applicable.

Earnings per share during the year: The securities and exchange Board of India (SEBI) has amended clause 41 of the listing agreement by virtue of which accounting standard – 20” earning per share “ issued by The Institute of Chartered Accountants of India has become mandatory. In view of this the company has adopted the same and following disclosures are given below: -

Calculation Of EPS

Particulars	2007-08	2006-07
Net Profit Attributable to Equity Share Holders	(36,73,269)	(8,23,633)
Weighted Average No Of Shares	4,308,600	4,308,600
Basic Earnings Per Share	-0.85	-0.19
Diluted Earnings Per Share	-0.85	-0.19

According to the Information and explanation given to us by the Management and based on records provided to us, the company, since applicable, had approached for status of Sick Industry under SIC (SP) Act 1985 as well as for revival plan, Case No. 347/2003. BIFR Bench 1 has issued order on 2nd June 2006 accepting the Company as sick industry in terms of the section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 . The Bench has appointed IDBI as the Operating Agency with a direction to submit their observations by considering cut-off date as 30th September 2006. As Reported by the Management the Company has not received any communication.

	Current Year Rs.	Previous Year Rs.
Contingent liabilities provided in Respect of outstanding Bank Guarantee	NIL	NIL
Contingent liabilities provided in Respect of outstanding letter of credit.	NIL	NIL

In the opinion of the Board of Directors the Current Assets, loans and advances are approximately of the value stated it realised in the ordinary course of business. Investments in shares of GSFC are no more realisable at the value as stated looking to its present market value. According to the provisions for all known liabilities are adequate and not in excess of amount reasonably necessary.

As explained by Management of the Company, there are no dues remaining unpaid on 31st March 2008 to any supplier who is small scale or ancillary industrial undertaking.

Reference is invited for non-compliance of companies (Appointment and Qualification of Secretary) Rules 1988.

As explained to us by the management, even though the sincere endeavours are made by the management to appoint company secretary, they could not get qualified and competent company secretary with the moderate salary range. However the attempt to appoint Secretary is under process Mean while, the professional services of practicing company secretary is availed as and when need arises on regular basis.

Sundry Debtors includes amount due from companies in which directors are interested directly or otherwise amounts to Rs. 4.08 Lacs [P.Y. Rs. 50.25 Lacs]. As reported by the directors the entire amount has been received except Rs. 3.22 Lacs from the company which has closed down their operations since last six years.

The purchase cost of fixed assets has been considered net of Cenvat credit/excise, incentives available on such purchases.

The purchase cost of Raw Material has been considered net of Cenvat/Excise incentives available on inputs.

AUDITOR'S REMUNERATIONS :

Particulars	Current Yr. (Rs.)	Previous Yr. (Rs.)
Audit Fees	40,000	40,000
Tax Audit	10,000	10,000
Taxation and Other Matters	6,120	6,120
Total	56120	56120

MANAGERIAL REMUNERATION PAYABLE TO THE MANAGING DIRECTOR INCLUDES :

Particulars	Current Yr. (Rs.)	Previous Yr. (Rs.)
Salary	3,00,000	3,00,000
Perquisites	1,116	1,653

Share issue expenses and preliminary expenses of Rs. 1,40,005/- (1/10th) have been amortised during the Year. (P. Y. Rs. 1,40,005/-)

Deffered Revenue Expenses : Deposit Amount Lying with Sterling Holidays Resorts for availing services at concession and on priority basis while on business tour was paid before 7 years. Since the same is no more refundable and since offered services are still available management has decided to write off the same on deffered basis over a period of 5 years.

Related party disclosure as identified by the Management in accordance with the Accounting Standard – 18 issued by The Institute of Chartered Accountants of India and effective from April 1st 2001.

Name of related parties with whom transaction have been made.	Description of the relationship with the party.	Nature of Transaction	Amount 2007-08 (Rs.)	Amt o/s as on 31. 03. 2008 (Rs.)
Mr. Nitin R. Parekh (Chairman)	Key Management Person	Director Remuneratio n	3,00,000	63,699 Dr.
Nitin Profiles Pvt Ltd	Director is a Director	Opening Balance		3,22,922 Dr.
Sun Precision cast Pvt. Ltd.	Director is a Director	Opening Balance		85.100 Dr.
Dev Profile	Son of Managing Director is Proprietor	Sales & Jobwork	434,00,399	25,17,996 Cr.

QUANTITATIVE AND OTHER INFORMATION DURING THE YEAR.

(AS CERTIFIED BY THE MANAGEMENT AND ACCEPTED BY THE AUDITORS BEING A TECHNICAL MATTER).

- | | |
|---|-------------|
| i) Licensed Capacity | N.A. |
| ii) Installed Capacity | 8000 Tones. |
| iii) Actual Production (Excluding Job Work) | 90445 Nos. |

SALES DURING THE PERIOD FROM 01.04.2007 TO 31.03.2008 :

S.No.	Description	Current Year		Previous Year	
		Qty	Value Rs.	Qty	Value Rs.
1	Pipe Fittings, Forgings & Flanges Inlusive of Scrap & Billets	88407 Nos.	43,791,183	14167 Nos.	25,503,631
		1193Kgs.		20995Kgs.	
TOTAL SALES			43,791,183		25,503,631

QUANTITY & VALUE OF OPENING AND CLOSING STOCK OF FINISHED GOODS
PARTICULAR :

Sr. No.	Particulars	Opening stock		Receipt		Sales		Closing Stock	
		Qty. Nos.	Value Rs. In Lacs	Qty. Nos.	Value Rs. In Lacs	Qty. Nos.	Value Rs. In Lacs	Qty. Nos.	Value Rs. In Lacs
1.	S.S. Flanges	-	-	986	49.07	933	38.85	53	10.22
2.	C.S. Flanges	-	-	88296	413.57	86,281	398.17	2015	15.40
3.	M.S. Scraps	1,438	0.11	-	-	-	-	1,438	0.11
4.	S.S. Scraps	2,385	1.79	1,193	0.89	1,193	0.89	1,192	1.79
Total		3,823	1.90	90475	463.53	88,407	437.91	4698	27.52

DETAILS OF RAW MATERIAL CONSUMED :

Sr. No.	Particular	Opening Stock		Purchase		Closing Stock		Consumption	
		Qty. Nos.	Value In Rs.	Qty. Nos.	Value In Rs.	Qty. Nos.	Value In Rs.	Qty. Nos.	Value In Rs.
Manufacturing									
1.	Billets (SS)	-	-	1.385	444,621	-	-	1.38	444,621
2.	Ingots (ss)	-	-	23.000	4,380,579	-	-	23.001	4,380,579
3.	Blooms (MS)	-	-	1150.700	29,165,918	-	-	1,150.70	29,165,918
4.	Ingots (MS)	-	-	92.520	2,610,657	-	-	92.52	2,610,657
5.	Billets (MS)	-	-	268.480	6,948,628	-	-	268.48	6,948,628
6.	Round (MS)	-	-	16.415	443,333	-	-	16	443,333
Total		-	-	1552.500	43,993,736	-	-	1,552.50	43,993,736

VALUE OF IMPORTED & INDIGENOUS RAW MATERIALS COMPONENTS CONSUMED

Manufacturing Goods	Rs.	Current Year % (In Lacs)	Year	Rs.	Previous Year % (in Lacs)
(i) Imported	--		--	-	-
(ii) Indigenous	439.93	100.00		94.22	100.00
Total	439.93	100.00		94.22	100.00
Traded					
(i) Imported	-		-	-	
(ii) Indigenous	-		-	-	

FOREIGN CURRENCY TRANSACTIONS.

	2007-08 Rs in lacs	2006-07 Rs. In Lacs
(i) Earning in Foreign exchange	NIL	NIL
F.O.B. Value of Export		
Expenditure in Foreign exchange	NIL	NIL
C.I.F. Value of Imports (Raw Material)		

All debit & credit balances are subject to confirmations and reconciliation.

The Income-tax Self Assessments have been completed up to the Asst Year 2006-07. The Company has preferred an appeal against order of ACIT, for the Assessment Year 2002-03. During the year under review the company has not made provision for income tax on account of carried forward losses.

There will be Rs. 369,368/= liability on account of excise duty on account of finished goods being NIL finished goods at Company's premises.

The company has not made any provision during the year for Employees Benefit.

There were no employees whether employed for full or part the year in receipt of remuneration which in aggregate exceeded to Rs.2,00,000/- per month or Rs.24,00,000/- per annum.

Previous year figures have been regrouped wherever necessary to make them comparable with the current year's figures.

AS PER OUR ATTACHED REPORT OF EVEN DATE
For K J SHAH & Co.
Chartered Accountants

FOR & ON BEHALF OF BOARD
For, ADITYA FORGE LTD.

(KAMLESH J SHAH)
PROPRIETOR
Membership No 42390

SHRI NITIN PAREKH
Managing Director

PLACE : BARODA
DATE : 05.09.2008

SHRI PANKAJ R. PAREKH
Director
PLACE : BARODA
DATE : 05.09.2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No.

04-17196

Code

04

Balance Sheet Date

Date Month Year

31

03

2008

Capital raised during the year (Amount in Rs. Thousand)

Public Issue

Nil

Right Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

Position of Mobilisation and Deployment of Funds (Amount In Rs. Thousands)

Total Liabilities

1

110744

Total Assets

110744

Sources of Funds

Paid-up Capital

43086

Deferred Tax
Asset

49

Reserves & Surplus

NIL

Secured Loans

64134

Unsecured Loans

3524

Application of Funds

Net Fixed Asset

56696

Investments

1656

Net Current Assets/(Liabilities)

(2377)

Profit & Loss A/c & Misc. Expenditure

54720

Performance of Company (Amount in Rs. Thousand)

Turnover

65029

Total Expenditure

74604

Profit/Loss before Tax

(3586)

Profit/Loss after Tax

(3366)

Earning per share in Rs.

-0.85

Dividend rate %

Nil

Generic Names of three principal Products/Services of Company

Item Code No. (ITC Code)

7307.00

Product Description

TUBE OF PIPE FITTINGS

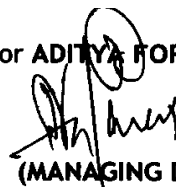
Item Code No.(ITC Code)

7326.90

Product Description

FORGED FITTINGS

For ADITYA FORGE LIMITED



(MANAGING DIRECTOR)

ADITYA FORGE LTD

Regd. Office: 415 G.I.D.C. Ramangamdi Por – 391243 N. H. 8, Dist. Baroda.

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL SLIP ON REQUEST.

Name & Address of the Share Holder (IN BLOCK LETTER)

No. of Share Held : _____ Redg. Folio No. _____ I hereby record my presence at the 16th Annual General Meeting of the Company held on Tuesday the 30th September, 2008 at 415,G.I.D.C., Ramangamdi, Por – 391243, N. H. 8, Dist. Baroda, the Registered Office of the Company.

Signature of the Shareholder / Proxy

------(TEAR HERE)-----

PROXY

ADITYA FORGE LTD

Regd. Office: 415 G.I.D.C. Ramangamdi Por – 391243 N. H. 8, Dist. Baroda.

Regd. Folio No. _____

I/We _____ being a member/members of _____
_____ Aditya Forge Ltd, hereby appoint _____ of _____ as my/our proxy to vote for me/us at 16th Annual General Meeting of the Company to be held on 30.09.2008 at the Registered Office of the Company and at any adjournment thereof.

Signed _____ Day of _____ 2008 the said.

<p>AFFIX 1/- Re. REVENUE STAMP</p>

Note: This instrument of Proxy, duly completed, must be deposited at the Registered Office of the Company at Baroda, not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.

BOOK POST

To,

If undelivered please return to:

ADITYA FORGE LTD
415, G.I.D.C.,
RAMANGAMDI, POR - 391 243,
DIST.BARODA