

AAKAR ENGINEERING & MANUFACTURING Co.Ltd.

BOARD OF DIRECTORS :

Mr. Sunil D. Shah
Managing Director

Mr. Bhausahab S. Kure
Director

Mr. Ashok S.
Director

AUDITORS

S. M. Bhat and Associates
Chartered Accountants,
Mumbai

BANKERS

JANKALYAN SAHKARI BANK LTD.

**Sakinaka Branch, Andheri (East),
Mumbai.**

REGISTERED OFFICE

**82, Old Nagardas Road,
Andheri (East),
Mumbai 400 069**

SHARES LISTED AT

**The Stock Exchange, Mumbai
The Stock Exchange, Ahemadabad**

REGISTRARS AND TRANSFERAGENTS

**M/s. Adroit Corporate Services Private
Limited**

**19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol
Naka, Andheri (East), Mumbai- 400
059.**

**Tel.: +91 (022) 2850 3748 / 2859
0942.**

Fax.: +91 (022) 2859 0942





NOTICE

Notice is hereby given that the fifteenth Annual General Meeting of Aakar Engineering and Manufacturing Co. Ltd. will be held on 25th September 2006, 2006 at its Registered Office 82, Old Nagardas Road, Andheri (East), Mumbai 400 069, at 2.00 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2006 and the Balance Sheet and Notes to Accounts, as at 31.03.2006 and the report of Directors and Auditors thereon.
2. To confirm the appointment of Mr. Ashok S. who was appointed as director. The Directors recommend his reappointment.
3. To reappoint M/s. S. M. Bhat & Associates, Chartered Accountants as the Statutory Auditors of the company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Sunil D. Shah
Managing Director

Place: Mumbai

Date: 1st September, 2006

Notes:

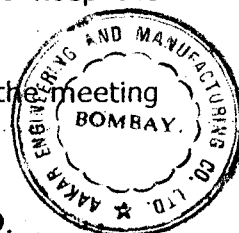
1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A proxy form, duly completed should be deposited at the registered office of the company, not later than 48 hours before the meeting.
2. Members are requested to intimate the change of address, if any.
3. All documents referred to in the accompanying notice are open for inspection at the registered office of the company on all working days up to the date of Annual General Meeting.
4. Members are requested to intimate queries, if any, regarding accounts, at least 7 days before the meeting to enable the management to keep the information required available at the time of meeting.
5. Members are requested to bring their copies of Annual Report to the meeting along with the attendance slip.

AAKAR ENGINEERING AND MANUFACTURING COMPANY LIMITED.

Regd. Office : 82, Old Nagardas Road, Andheri (East), Mumbai - 400 069. Telefax : 5699 1046

Facsimile : 5699 1046

(Signature)
Authorized Signatory





DIRECTORS REPORT

To,
The Members,

Your Directors have pleasure in presenting their report on the operations of the Company for the year ending 31st March 2006.

Financial Results	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Sales and other income	982.30	834.60
b) Profit before Interest, Depreciation and non-cash exp.	(253.72)	2.12
c) Interest	101.32	107.23
d) Depreciation and other non cash expenses	1.10	38.63
e) Provision for Taxation	00.56	00.00
f) Net Profit /(Loss) before Appropriation	(356.70)	(143.74)
g) Add: Op. Deferred Tax	88.28	120.13
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	(268.42)	(23.61)
h) Add: Balance Brought Forward	(334.25)	(310.64)
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Net Profit & (Loss) trf. to Balance sheet	(602.67)	(334.25)
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Dividend:

Due to losses during year the Board of Directors does not recommend any dividend for the year ended 31st March 2006.

Turnover and Profits and Operations:

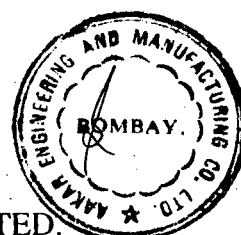
Turnover for the year under review amounted to Rs.947.25 Lac (previous year Rs.741.38 Lac). The net loss for the same year was Rs.356.14 Lac (previous year Rs.143.75 Lac).

Finance and Accounts:

During the year, the Company could not progress much and had strains on its working capital requirement because of slow recovery of its receivables, slow movement of stocks and losses due to lower turnover mainly because of the recession prevalent in the Industry in which the Company operates.

Auditors:

The Auditors M/s. S. M. Bhat & Associates., Chartered Accountants, are holding their office as the Auditors of the Company till the conclusion of the ensuing Annual General Meeting. M/s. S.M.Bhat and Associates, Chartered Accountants, have expressed their consent to continue as Statutory Auditors of the Company and your Board recommends their appointment.



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Facorv : A-75, 76, 77, Sinnar Taluka Audhvogik Vasahat, Sinnar Nasik Maharashtra www.reportjunction.com



The company has not invited or accepted any deposits from the public under the non- banking financial companies, Reserve bank of India directions, 1977.

Particulars of Employees:

As required under Sub Section 2A of Section 217 of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and as amended from time to time, the particulars of such employees are not applicable to the Company.

Conversion of energy and technology absorption

The particulars under the companies (Disclosure of Particulars in the report of Board of directors) Rules, 1988 on conservation of energy and technology absorption are not applicable.

Foreign Exchange Earnings & Outgo

There is no outflow/inflow of foreign exchange

Corporate governance

The company has complied with the requirements regarding corporate governance as the required under clause 49 of the listing agreement entered in to the stock exchange where the company's shares are listed. A report of the corporate governance in this regard is made a part of this annual report and a certificate from the auditors of the companies regarding the compliance of the conditions of the corporate governance is attached to this report.

Director's Responsibility Statement:

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

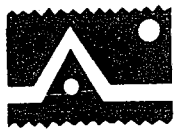
1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The accounting policies selected have been consistently applied and the accounting for the period under review gives a true and fair view of the state of affairs of the Company.
3. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company.
4. The accounts have been prepared on a going-concern basis.



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Factory : A-75, 76, 77, Sinnar Taluka Audhyogik Vasahat, Sinnar, Nasik, Maharashtra.



AAKAR

Audit Committee

The company has duly constituted audit committee under section 292A of the companies act, 1956.

Acknowledgement:

The Directors wish to take this opportunity to thank all the employees of the Company as also various other Government Agencies for their continuous contribution towards the growth of the organization.

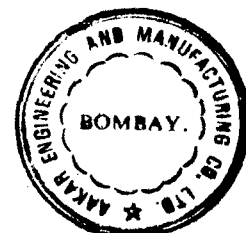
For Aakar Engineering and Manufacturing Company Limited

Chairman

Place: Mumbai

Date : 1st September 2006

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Facory : A-75, 76, 77, Sinnar Taluka Audhyogik Vasahat, Sinnar, Nasik, Maharashtra.

S. M. Bhat & Associates

Chartered Accountants

7 Tejkamal, 12th Road, Santacruz (E), Mumbai-55. Tel. No. : 26104831- 32

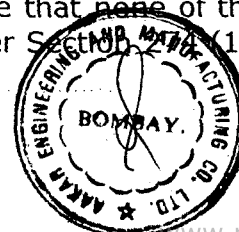
AUDITOR'S REPORT

To,

The Members of M/s. AAKAR ENGINEERING & MANUFACTURING COMPANY LIMITED

We have audited the attached Balance Sheet of M/s. AAKAR ENGINEERING & MANUFACTURING COMPANY LIMITED as at 31st March 2006, together with the Profit & Loss Account of the Company 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.

1. We have 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 the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
 - b) In our opinion proper books of accounts as required by the law have been maintained by the company so far as it appears from our examination of the books.
 - c) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting standards referred to in Sub-Section 3(C) of the section 211 of the Companies Act, 1956 to the extent applicable.
 - e) On the basis of information obtained, we state that none of the Directors of the Company are prima-facie disqualified under Section 249(1) (g) of the



Companies Act, 1956 from being appointed as a Director of the Company as on 31st March, 2006.

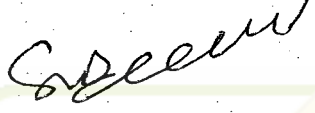
f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view.

i) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2006 and

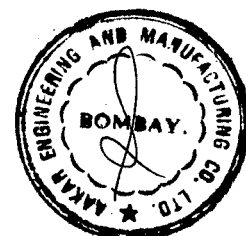
ii) In the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.

iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. M. BHAT & ASSOCIATES
CHARTERED ACCOUNTANTS


Mr. S. M. BHAT
PROPRIETOR

PLACE :- MUMBAI
DATE: 10th July, 2006.



S. M. Bhat & Associates

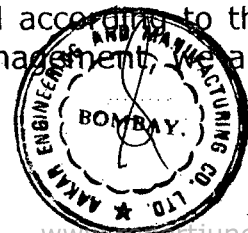
Chartered Accountants

7 Tejkamal, 12th Road, Santacruz (E), Mumbai-55. Tel. No. : 26104831- 32

■ ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006 OF M/s. AAKAR ENGINEERING & MANUFACTURING COMPANY LIMITED.

As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we consider appropriate and in terms of the information and explanations given to us, we state that :-

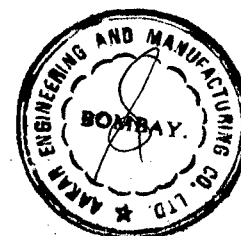
- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, all the assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, no discrepancies have been noticed on such physical verification by the management;
- (c) As informed to us all the fixed assets of the company along with inventory except Leasehold Land & Building has been disposed off by the Janakalyana Sahakari Bank Ltd and the sale proceeds have been adjusted against the working capital loan of the company.
- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year;
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts;
- iii) The company has not taken / granted any loans and advances in the nature of loans from / to parties covered in the registered maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase shares and securities, plant and machinery, equipments and other assets and sale of shares and securities.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are



of the opinion that there are no transactions that need to be entered into the register in pursuance of section 301 of the Act.

- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public during the year within the meaning of section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.
- vii) In our opinion and according to the information and explanations given to us, there are adequate internal audit system commensurate with the size of the Company and the nature of its business.
- viii) As informed to us maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess during the year.
 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2006 for a period of more than six months from the date they become payable.
 (c) According to the information and explanation given to us there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty or Cess outstanding at the year ended on account of any dispute.
- x) The accumulated losses of the Company as at 31st March 2006, are more than its net worth and the Company has incurred cash loss of Rs.3,55,04,132/- in the current financial year and Rs. 1,05,11,512/- in the financial year immediately preceding the financial year.
- xi) Based on our audit procedure and as per the information and explanations given by the management, the Company has defaulted in repayment of following dues to Banks:

Period of default	Amount (Rs.)
Above 180 Days	5,87,22,985.49



- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.
- xiv) On the basis of our examination of the companies records we are of the opinion that the company is maintaining adequate records regarding transactions and contracts regarding its dealing in shares and securities and timely entries have been made in these records.
- xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company has not taken any term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have used for long term investment. No long term funds have been used to finance short-term assets.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued debentures.
- xx) The Company has not made any public issue.
- xxi) Based upon on the Audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our Audit.

For S M BHAT & ASSOCIATES
Chartered Accountants

[Signature]
S M BHAT
Proprietor

PLACE: MUMBAI
DATE: 10th July, 2006

