

16TH ANNUAL REPORT
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.

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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.

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.

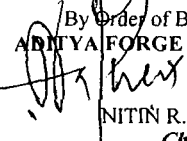
h. DIRECTOR

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.

Place : Vadodara
Date : 05.09.2008

By Order of Board
ADITYA FORGE LIMITED

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.

Place: BARODA

Date: 05.09.2008

By Order of Board
ADITYA FORGE LIMITED
WITN R. PAREKH
Chairman

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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.

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ADITYA FORGE LTD

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.