



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 41S, G.I.D.C.,
RAMANGAMDI, POR – 391 243,
DIST. BARODA.

FACTORY

412 TO 41S, G.I.D.C.,
RAMANGAMDI, POR – 391 243,
DIST. BARODA.

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **ADITYA FORGE LIMITED** will be held on Thursday, 29th September, 2011 at 11.00 a.m. at the registered office of the Company at 415 GIDC, Ramangamdi Por, NH 8, Vadodara to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 2011, the Profit & Loss Account for the year ended on that date, together with the Directors report and Auditors report.
2. To appoint a Director in place of Mr. Nitin Parekh who retires by rotation and is eligible for reappointment.
3. To reappoint K.J Shah & Co, Chartered Accountant, Vadodara, as Statutory Auditors of the Company, having registration no. FRN 132369W issued by the Institute of Chartered Accountant of India, New Delhi, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

Place: Por, Ramangamdi

Date: 3rd September, 2011

For & on behalf of the Board

Nitin Parekh
Chairman

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FOURTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 26, 2011 to Thursday, September 29, 2011 (both days inclusive).
4. Members' desires of obtaining any information concerning the accounts and operations of the Company are requested to send their queries at the registered office of the Company well in advance so as to reach at least 7 days before the date of meeting to enable the Management to keep the information required readily available at the meeting.
5. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office quoting their folio Number.

By order of the Board of Directors


Nitin Parekh
Chairman

Place: Por, Ramangamdi

Date: 3rd September, 2011

Registered Office:

415 GIDC, Ramangamdi Por,
NH 8, Vadodara

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2011.

(1) FINANCIAL AND WORKING RESULTS:

Particulars	2010-2011 (Rs in Lakhs)	2009-2010 (Rs in Lakhs)
TOTAL INCOME	4223.37	2396.26
GROSS PROFIT/(LOSS) BEFORE DEPRECIATION	102.06	172.72
(Less): Depreciation	(75.83)	(45.67)
PROFIT / (LOSS) BEFORE TAXATION	26.23	127.07
(Less): Provision for Deferred Tax	(4.93)	
(Less): Provision for Fringe Benefit Tax	-	(8.98)
(Less): Tax Adjustments for prior year	(0.91)	NIL
NET PROFIT/(LOSS) AFTER TAX	32.08	118.09
Add: Balance Brought Forward	(350.23)	(468.32)
Balance carried to Balance Sheet	(318.97)	(350.23)

(2) DEPOSITS:

The Company has not accepted deposits from the public.

(3) DIVIDENDS:

In view of carried forward losses, your Directors do not recommend any dividend for the financial year under review.

(4) YEAR IN RETROSPECT AND FUTURE OUTLOOK:

During the year, the Company has made remarkable growth in terms of turn over as compared to the previous financial year, i.e. from Rs. 2422.03 lacs to Rs. 4050.09 lacs, almost rise of 67%. Even though higher volume of turnover, net profitability has been reduced from Rs. 127.07 to Rs. 26.23 lacs on account of substantial increase in cost of raw material, stores & spares consumption and selling & distribution expenditure, administration expenses etc. All out efforts are made to improve the performance and in turn to achieve top line and bottom line.

Suspension of operations by Madhavpura Mercantile Co-operative Bank Ltd (MMCBL), our banker and their non-cooperation for agreeing to a rehabilitation package in time at BIFR badly affected financial health.

As already informed, your Company had been approved term loan and working capital facilities by MMCBL. Due to their financial failure in the year 1999-2000 they did not release working capital matching with your Company's requirement. Instead they filed suits against Company and Directors of the Company.

However, your directors have negotiated for One Time Settlement (OTS) with MMCBL and have agreed for the same. In order to bail out the Company, promoters of the Company propose to infuse the equity, as Public Issue/Right Issue by the Company having carried forward losses may not evoke good response.

(5) PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration of Rs. 60.00 lac p.a. or Rs. 5.00 Lac p.m. for part of the year or more and hence no particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956.

(6) PARTICULARS RELATING TO CONSERVATION OF ENERGY:**A. CONSERVATION OF ENERGY:**

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

B. FOREIGN EXCHANGE EARNINGS & OUTGO :

During the year, the Company has neither earned nor spent any foreign exchange.

(7) DIRECTORS' RESPONSIBILITY STATEMENT:

- i) Your Directors have followed the applicable Accounting standards along with proper explanation relating to material departures if any, while preparing the annual accounts;
- ii) 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 profit of the Company for the period;
- iii) 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;
- iv) Your Directors have prepared the annual accounts on a going concern basis.

(8) DIRECTORATE:

Mr. Nitin Parekh who retire by rotation from the Directorship at the ensuing Annual General Meeting and being eligible offer himself for retirement.

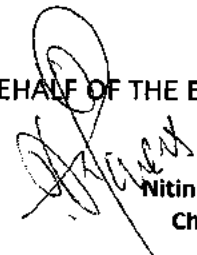
(9) AUDITORS:

M/s K.J Shah & Co, Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment. You are requested to appoint Auditors and fix their remuneration.

(11) ACKNOWLEDGEMENTS:

Your Directors take opportunity to express their gratitude to government, employees and shareholders for their valuable support and co-operation.

FOR AND ON BEHALF OF THE BOARD



Nitin Parekh
Chairman

Date: 3rd September, 2011

Place: Vadodara

INFORMATION AS PER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

I. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken:
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of Industries specified in the schedule thereto:

ANNEXURE
FORM A

Form for disclosure of particulars with respect of conservation of energy

(A) Power and Fuel consumption:	<u>2010-2011</u>	<u>2009-2010</u>
1. Electricity:		
(a) Purchased:		
Units (HT Line)		
Total Amount [Rs.]		
Rate [Rs.]/unit		
(b) Own Generation:		
(i) Through Diesel Generation	N.A	N.A
Units		
Qty. Purchased (Ltrs.)		
Total Amount [Rs.]		
Units per Ltr. of Diesel Oil		
Cost/Unit		
(ii) Through steam turbine /Generator	N.A	N.A
Units		
Units per Litre. of Fuel Oil/Gas		
Cost/Units		
2. Coal (specify quality and where used):	N.A	N.A
(Agro Waste for Boiler)		
Quantity (Tonnes)		
Total Cost [Rs.]		
Average Rate [Rs./MT]		
3. Furnace Oil:	N.A	N.A
Quantity (K. Ltrs.)		
Total Amount		
Average Rate		
4. Others/internal generation (please give details)	N.A	N.A
Quantity		
Total Cost		
Rate/unit		

(B) Consumption per unit of production: N.A

	Standard (if any)	Current year	Previous year
Products (with details) unit			
Electricity			
Furnace Oil			
Coal (specify quality)			
Others (specify)			

NOTES:

- (1) Please give separate details for different products/items produced by the company and covered under these rules.
- (2) Please give reasons for variation in the consumption of power and fuel from standards of previous year.
- (3) In case of production of different varieties/specifications consumption details may be given for equivalent production.

FORM B**Form for disclosure of particulars with respect to absorption.**

Research & Development (R&D):

- (1) Specific areas in which R&D carried out by the Company :
- (2) Benefits derived as a result of the above R&D :
- (3) Future Plan of Action :
- (4) Expenditure on R&D :
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R&D expenditure as a Percentage of total turnover.

Technology absorption, adaptation and innovation: N.A

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
2. Benefits derived as a result of the above efforts e.g. products improvement, cost reduction, product development, import substitution, etc.:
3. In case of imported technology (imported during the last 5 years from the beginning of the financial year), following information may be furnished:
 - (a) Technology imported.
 - (b) Year of import.
 - (c) Has technology been fully absorbed?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action.

II FOREIGN EXCHANGE EARNINGS & OUTGO

- a) Foreign Exchange Earned : NIL
- b) Foreign Exchange Used : NIL

REPORT ON CORPORATE GOVERNANCE**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.

BOARD OF DIRECTORS

Composition and category of Directors.

The Board of Directors consists of Four Directors

Name of Directors	Category
Shri Nitin R Parekh	Managing Director –Promoter
Shri Pankaj R Parekh	Director Promoter
Shri Mahesh Nandani	Independent Director
Shri Subhash Dalal	Independent Director
Shri Vishnu Patel	Independent Director

Meetings and Attendance

The Board of Directors meets at least once in quarter to approve the financial results in compliance with Listing Agreement and more often, if considered necessary, to transact any other business.

No Director is a member of more than ten committees or Chairman of more than five committees in other Companies in which they are Directors.

During the year under review, five Board meetings were held on 29th April, 2010, 27th July, 2010, 24th August, 2010, 28th November, 2010 and 17th February, 2011.

Attendance of directors at the meetings of the Board of Directors held during the year and Annual General Meeting held on 29th December, 2010 is as follows.

Name of Director	No. of Board meetings attended during 2010-2011.	Whether present at the last AGM.
Shri Nitin R Parekh	5	Yes
Shri Pankaj R Parekh	5	Yes
Shri Mahesh Nandani	5	Yes
Shri Subash Dalal	5	Yes
Shri Vishnu Patel	5	Yes

AUDIT COMMITTEE

The terms of reference of the Audit committee apart from those specified in the Listing Agreement of the Stock Exchange broadly pertain to review of business practices, review of investment policies, review of compliance and review of systems and controls. The Audit committee consists of three members including two Non-executive Directors viz. Shri Subhash Dalal and Shri Vishnubhai Patel independent Directors and Shri Nitin R Parekh, Managing Director. In addition to the Audit committee members, head of accounts and the Statutory Auditors attend the meetings.

During the year under review, Audit committee meetings were held five times on 29th April, 2010, 27th July, 2010, 24th August, 2010, 28th November, 2010 and 17th February, 2011 under the Chairmanship of Shri Subhash Dalal, which were attended by all the Members of the Audit committee.

REMUNERATION COMMITTEE

The committee comprises of all independent non executive Directors with Shri Vishnubhai Patel as Chairman, Shri Subhash Dalal and Shri Mahesh Nandani as other members of the committee. The remuneration policy aims at rewarding performance, based on systematic and periodic review of achievements. The remuneration policy is in consonance with the prevailing industrial practices and laws.

During the year under review, no meeting of Remuneration Committee was held.

INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

Investors' Grievance committee is headed by Mr. Pankaj Parekh, an Independent Director, Shri Nitin Parekh and Mrs. Rekha Parekh as members of the committee. The committee supervises and transfer /transmission/ transposition/ issue of duplicate share certificates in lieu of lost /misplaced/ worn out etc. Share certificate, issue of fresh share certificate in view of dematerialization of shares, consolidation and division and incidental matters relating to shares.

GENERAL BODY MEETINGS

Locations and time, of last three Annual General Meetings held.

Details of AGM	Location	Date & Time	No. of Special Resolution passed
Sixteenth	Regd. Office of the Company at 415, GIDC, Ramangamdi, N.H. No. 8, Por, dist. Vadodara.	30/09/08 At 12.00 Noon	NIL
Seventeenth	-do-	30/09/2009 At 12.00 Noon	NIL
Eighteenth	-do-	29/12/2010	NIL

NOTES ON DIRECTORS APPOINTMENT /RE-APPOINTMENT**DISCLOSURES**

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

There has been no non-compliance by the Company, no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.

GENERAL SHAREHOLDERS INFORMATION

18th Annual General Meeting : Date: 29th September, 2011
Time: 11.00 a.m.

Venue : Registered office of the Company
At 412 to 415 GIDC
Ramangamdi, Por-391243
Dist. Baroda.

FINANCIAL CALENDAR

<i>Financial calendar- 2011-12</i>	<i>Proposed Dates</i>
Unaudited results for the quarter ending on 30th June, 2011	30 th July, 2011
Unaudited results for the quarter ending on 30 th September, 2011	15th November, 2011
Unaudited results for the quarter ending on 31 st December, 2011	15th February, 2012
Unaudited results for the quarter ending on 31 st March, 2012	15th May, 2012

Dates of book closure : 26-09-2011 to 29-09-2011

Listing on the Stock Exchanges : Bombay Stock Exchange Ltd.
Vadodara Stock Exchange Ltd.

Stock code : BSE-522150

ISIN No. of the Company's Equity : INE281H01013
Shares in Demat form :

Depository Connectivity : CDSL, NSDL

Registrar and share transfer Agent : SHAREPRO SERVICES INDIA PVT LTD.
416-420, 4th Floor, Devnandan Mall,
Opp Sanyas Ashram,
Ashram Road, Ellisbridge,
Ahmedabad-380006
Email: sharepro@shareproservices.com

Tel: 079-26582381 to 84
Fax- 079-26582385

Share transfer, transmission and dematerialization of shares are registered and returned well within the stipulated period.

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

Range of Holding	Number of shareholders	% to total shareholders	Number of shares	% to total shares.
1-500	3517	79.877	911446	21.154
501-1000	459	10.425	410800	9.534
1001-2000	200	4.542	332334	7.713
2001-3000	67	1.522	173700	4.031
3001-4000	33	0.749	118400	2.748
4001-5000	48	1.090	234100	5.433
5001-10000	42	0.954	310284	7.202
10001 & above	37	0.840	1817536	42.184
TOTAL	4403	100	4308600	100

Shareholding pattern (as on 31st March, 2011)

Category	No. of Shares held	% of total shares
Promoters and Promoter Group	1406700	35.13
Bodies Corporate	244361	7.58
Indian Public (Resident Individual)	2425419	56.55
Non-Resident Individuals/OCBs	26900	0.62
Others	4500	0.04

Break up of shares in physical and Demat Segment (As on 31st March, 2011)

Segment	No. of Shares held	% to total Shares
Physical	1457800	33.84%
Demat	2850800	66.16%
Total	43,08,600	100.00 %

Address for communication:

SHAREPRO SERVICES INDIA PVT LTD.
 416-420, 4th Floor, Devnandan Mall,
 Opp Sanyas Ashram,
 Ashram Road, Ellisbridge,
 Ahmedabad-380006
 Email: sharepro@shareproservices.com
 Tel: 079-26582381 to 84
 Fax- 079-26582385

Outstanding GDR/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

Not Applicable as the company has not issued such instruments.

Project location

At 412 to 415 GIDC
 Ramangamdi, Por-391243
 Dist. Baroda

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian Forging Industry has emerged as a major contributor to the manufacturing sector of the Indian Economy. The industry was previously more labour intensive, but now with increasing globalization it is becoming more capital intensive. The small scale units too are increasing their capital investment to keep pace with the increasing demand especially in the global markets as also broadening the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the automobile sector also, which speaks volumes about efforts at technology and quality up gradation.

OPPORTUNITIES, OUTLOOK AND THREATS

The Board of Directors of the Company have been negotiating with the Madhavpura Mercantile Bank for One Time Settlement (OTS). Accordingly, acceptance, in principle is conveyed to the Bank for repayment of dues.

In order to bail out, the Company from its financial ill health, promoters have consented to pump in funds up to Rs. 6 Crore. This would help the Company to improve its financial position.

The future looks encouraging for the forging industry in terms of the expected surge in global demand. As a result of liberalization, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the forging industry. Our products, being major components of Auto industries, your Directors are optimistic for bright prospects in the years to come.

THREATS AND RISKS

Stiff competition, increasing input costs and delay in the sanction of the scheme has worsened the financial position of the company.

However, Promoters of your Company have been putting their best efforts to tide over the situation by injecting their funds.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance during the year has been satisfactory.

INTERNAL CONTROL SYSTEM AND THEIR EFFICACY

The Company has adequate Internal control system in various operational areas of the Company to ensure that the system is being properly observed for better results.

QUALITY

The Company has been focusing on up gradation of quality and innovation.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year under review.

CAUTIONARY STATEMENT

Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your Company's operations include Global and domestic supply and demand conditions affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.

CEO/CFO CERTIFICATION UNDER CLAUSE 49

I, Nitin Parekh in my capacity as the Managing Director of Aditya Forge Limited (hereinafter referred to as the "company"), hereby certify that:

1. I have reviewed the financial statements and cash flow statement For the Financial Year 2010-11 and that to the best of my Knowledge and belief:
 - a) These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulation.
- 2 There are, to the best of my knowledge and belief, no transactions entered into the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- 3 I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- 4 I have indicated to the Auditors and the Audit Committee
 - I. Significant changes in internal control over financial reporting during the year;
 - II. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
 - III. Instances of possibly significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Nitin Parekh
Chairman

Date: 03rd September 2011

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 of India for the financial year ended on 31st March, 2011.

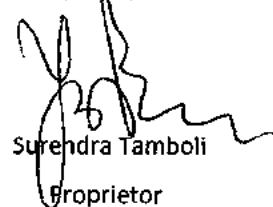
The Compliance of condition of corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof.

The 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.

In our opinion and to the best of our information and according to the explanation given to me, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

We state that in respect of investor Grievances received during the year ended on 31st March, 2011, no Investor Grievances are pending against the Company for period exceeding one month as per records maintained by the Company.

For, Surendra Tamboli & Associates,
Practicing Company Secretary



Surendra Tamboli
Proprietor

Dated: 3rd September 2011

Place: Vadodara.

PCS No.8798

AUDITORS' REPORT

The Members

ADITYA FORGE LIMITED

We have audited the attached Balance Sheet of ADITYA FORGE LIMITED as at March 31, 2011 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 Notes in Schedule No. 20 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - 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, 2011.
- 3) In case of Profit & Loss Account of the 'PROFIT' 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.

Place : Vadodara

Date: 02 September 2011



Shah Kamleshkumar J
Chartered Accountant

Kamlesh J. Shah
Membership No. 042390

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.
- 1.(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.
- 1.(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.
- 2.(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.
- 2.(c) In our opinion, the Company is maintaining proper records of inventory. No major discrepancies have 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.
- 3.(b) The Company has not granted Loans 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 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.
5. (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, labor 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 been generally regularly deposited with the appropriate authorities during the year. The extent of arrears of such outstanding statutory dues as at 31st March 2011 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.16.75 Lacs.
10. There are accumulated losses of Rs.318.98 Lacs. [Previous Year Rs.350.22 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. In the current year company's Net-Worth has exceeded Accumulated Losses.

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 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. 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. According to the information and explanations given to us, and on the basis of an overall examination of the balance sheet of the company, during the year the funds raised on short-term basis have not been applied for long-term investments and vice versa.

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.



Place : Vadodara
Date: 02 September 2011

Shah Kamleshkumar J
Chartered Accountant

Kamlesh J. Shah
Membership No. 042390

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	March 31, 2011 (₹)	March 31, 2010 (₹)
SOURCE OF FUND			
A) SHARE HOLDERS FUND			
(a) Share Capital	1	43,086,000	43,086,000
(b) Reserves & Surplus		-	-
		<u>43,086,000</u>	<u>43,086,000</u>
B) LOANS	2		
(a) Secured Loans		64,469,752	66,355,059
(b) Unsecured Loans		16,084,309	13,010,095
		<u>80,554,061</u>	<u>79,365,154</u>
C) DEFERRED TAX LIABILITY (NET)		165,284	658,237
GRAND TOTAL (A + B + C)		<u>123,805,345</u>	<u>123,109,391</u>
APPLICATION OF FUNDS			
A) FIXED ASSETS	3		
a) Gross Block		165,146,163	156,995,060
Less : Depreciation		49,682,363	42,099,819
Net Block		115,463,800	114,895,241
c) Advance against capital items.		50001	316,421
		<u>115,513,801</u>	<u>115,211,663</u>
B) INVESTMENTS	4	1,631,600	1,631,600
C) DEFERRED TAX ASSET			
D) CURRENT ASSETS - LOANS & ADVANCES			
a) Inventories	5	26,082,530	11,148,091
b) Sundry Debtors	6	3,824,544	14,615,459
c) Cash & Bank Balances	7	23,971	100,391
d) Loans & Advances	8	18,149,745	13,011,678
		48,080,790	38,875,619
E) Less : CURRENT LIABILITIES & PROVISIONS	9	73,458,959	67,912,274
NET CURRENT ASSETS / (LIABILITIES)		(25,378,169)	(29,036,655)
F) MISC EXPENDITURE	10	140,011	280,016
(To the extent not written off/adj)			
G) PROFIT & LOSS ACCOUNT		31,898,102	35,022,766
H) (Branch) / Head Office		-	-
TOTAL		<u>123,805,345</u>	<u>123,109,391</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
SCHEDULE 1 TO 19 REFERRED TO ABOVE FORM AN	19		
INTEGRAL PART OF THE ACCOUNTS			

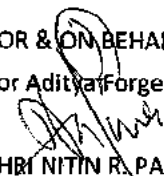
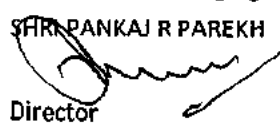
AS PER OUR ATTACHED REPORT OF EVEN DATE


SHAH KAMLESHKUMAR J
 Chartered Accountant
 Membership No. 42390



Place : Baroda
 Date : 2nd September, 2011

FOR & ON BEHALF OF BOARD
 For Aditya Forge Limited


SHRI NITIN R. PAREKH
 Chairman & Managing Director

SHRI PANKAJ R. PAREKH
 Director

Place : Baroda
 Date : 2nd September, 2011

ADITYA FORGE LTD

415, G.I.D.C. RAMAN GAMDI, POR - 391243, DIST. VADODARA.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	Schedule	March 31,2011 (`)	March 31,2010 (`)
INCOME			
Sales	11	405,008,809	242,202,788
Other Income	12	2,393,695	226,582
Increase / (Decrease) in Stock	13	14,934,439	(2,802,911)
		<u>422,336,943</u>	<u>239,626,459</u>
EXPENDITURE			
Raw Material,Stores & Spares consumed	14	348,453,560	178,815,338
Manufacturing Expenses	15	16,094,115	19,791,567
Administrative Expenses	16	26,588,654	9,321,124
Selling & Distribution Expenses	17	19,795,454	10,482,589
Loss on Sale of Assets		-	-
		<u>410,931,783</u>	<u>218,410,618</u>
Profit/(Loss) before financial Charges			
Depreciation & Taxation		11,405,160	21,215,840
Financial Charges	18	1,199,276	3,941,640
Depreciation		7,582,544	4,566,899
Profit / (Loss) for the year		2,623,340	12,707,302
Less : Provision For Income Tax			-
Less : Deferred Taxes (Current Year Charge)		(492,953)	-
Less : Provision For Fringe Benefit Tax			898,261
Less : Tax Adjustments For Prior Year		(91,242)	-
Net Profit After Tax		3,207,535	11,809,041
Less : Prior Year MAT Deposit Adj		81,970	-
Amount Available For Appropriation		3,125,565	11,809,041
Debit Balance B/F from last year		(35,022,767)	(46,831,805)
Less : Dividend Paid/Payable		-	-
Less : Corporate Dividend Tax.		-	-
Balance carried to Balance Sheet		(31,897,202)	(35,022,764)
Earning Per Share			
- Basic		0.74	2.74
- Dilluted		0.74	2.74
Accounting Policies and notes on accounts Schedule 1 to 20 on account referred to above form An integral part of accounts.	19		

AS PER OUR ATTACHED REPORT OF EVEN DATE

SHAH KAMLESHKUMAR J
Chartered Accountant
Membership No. 42390



Place : Baroda

Date : 2nd September,2011

For Aditya Forge Limited

SHRI NITIN R. PAREKH
Chairman & Managing Director

SHRI PANKAJ R PAREKH
Director

Place : Baroda

Date : 2nd September,2011

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31,2011 (`)	March 31,2010 (`)
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
60,00,000 Ordinary shares of Rs.10/- Each	60,000,000	60,000,000
Issued		
46,00,000 Ordinary shares of Rs.10/- Each	46,000,000	46,000,000
43,08,600 Subscribed paid up :	43,086,000	43,086,000
43,08,600 Ordinary of Rs.10/- each fully paid up	43,086,000	43,086,000
	<u>43,086,000</u>	<u>43,086,000</u>
SCHEDULE - 2 LOANS		
a) Secured Loans		
Cash Credit Account	22,185,334	22,185,334
(Against Hypo. Of stock & book Debts.)		
Secured Bank Over Draft	-	2,220,723
(Against Hypo. Of Plant & Machinery)		
HDFC Bank Loan Account	335,416	
(Against Hypo. Of Forklift)		
Madhavpura Mercantile co op Bank Ltd.	41,949,002	41,949,002
(secured Against equitable Mortgage of land & building and hypothecation of Plant & Machinery and other Fixed Assets)		
	<u>64,469,752</u>	<u>66,355,059</u>
b) Un-Secured Loans		
Loans from Directors	16,084,309	13,010,095
	<u>16,084,309</u>	<u>13,010,095</u>



ADITYA FORGE LTD. (POR)
SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 4 : FIXED ASSETS

SR NO	PARTICULARS	GROSS BLOCK				DEPRICIATION			NET BLOCK		
		AS ON 01.04.2010	Addition During the year	Deduction During the year	As on 31.03.2011	Up to 01.04.2010	Depreciat on Adjusted	Depreciation for the year	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
		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	2,82,51,313	1,82,114	-	2,84,33,427	1,10,00,259	-	9,46,756	1,19,47,015	1,64,86,412	1,72,51,054
3	FURNITURE & FIXTURE	11,87,472	5,27,310	-	17,14,782	4,48,512	-	76,528	5,25,040	11,89,742	7,38,960
4	PLANT & MACHINERY	7,10,61,403	65,69,786	6,54,492	7,69,76,697	2,22,64,990	-	37,53,793	2,60,18,783	5,09,57,914	4,87,96,413
5	ELECTRICAL INSTALLATION	53,90,076	4,81,010	-	58,71,086	32,33,370	-	2,74,269	35,07,639	23,63,447	21,56,706
6	VEHICLES	8,84,623	7,18,000	1,85,485	14,17,138	2,89,854	-	98,756	3,88,610	10,28,528	5,94,769
7	DIES & JIGS	4,23,65,222	-	-	4,23,65,222	26,73,329	-	20,12,348	46,85,677	3,76,79,545	3,96,91,893
8	OFFICE EQUIPMENTS	16,04,465	2,68,366	-	18,72,831	9,38,044	-	1,10,576	10,48,620	8,24,211	6,66,421
9	LAB. & QUALITY CONTROL EQUIP.	8,41,452	-	-	8,41,452	1,34,390	-	39,968	1,74,358	6,67,094	7,07,062
10	COMPUTERS	13,83,091	1,54,351	-	15,37,442	10,98,613	-	2,21,761	13,20,374	2,17,068	2,84,478
11	CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	-	-	-
	TOTAL	15,60,59,261	89,00,937	8,39,977	16,41,20,221	4,20,81,361	-	75,34,755	4,96,16,116	11,45,04,105	11,39,77,900
	PREVIOUS YEAR	9,89,87,292	5,72,71,613	1,99,644	15,60,59,261	3,75,81,867	49,111	45,48,605	4,20,81,361	11,39,77,900	

ADITYA FORGE LTD. (RAJKOT)
SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 4 : FIXED ASSETS

SR NO	PARTICULARS	GROSS BLOCK				DEPRICIATION			NET BLOCK		
		AS ON 01.04.2010	Addition During the year	Deduction During the year	As on 31.03.2011	Up to 1.04.2010	Depreciat on Adjusted	Depreciation for the year	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
		1	2	3	(1+2+3)	5	6	7	(5+6+7)	9	10
1	STORAGE BOX	83,075	-	-	83,075	4,110	-	3,946	8,056	75,019	78,965
2	PLANT & MACHINERY	8,26,958	-	-	8,26,958	13,195	-	39,281	52,476	7,74,482	8,13,763
3	OFFICE EQUIPMENT	25,766	90,143	-	1,15,909	1,153	-	4,562	5,715	1,10,194	24,613
	TOTAL	9,35,799	90,143	-	10,25,942	18,458	-	47,789	66,247	9,59,695	9,17,341
	PREVIOUS YEAR	83,075	8,52,724	-	9,35,799	164	-	18,294	18,458	9,17,341	

SCHEDULES FORMING PART OF BALANCE SHEET

	March 31, 2011 (`)	March 31, 2010 (`)
SCHEDULE - 4 INVESTMENT		
Investment		
Madhavpura Mercantile Co-Op Bank Ltd. (16250 Shares @ Rs.100 Each)	1625000	1625000
Baroda City Co Op Bank Ltd (660 Shares @ Rs.10 Each)	6600	6600
Gujarat State Financial Crpn. (Partly Paid) (2300 Shares @ Rs 20 Each)		-
	<u>1,631,600</u>	<u>1,631,600</u>
SCHEDULE - 5 : INVENTORIES		
(As Taken, Valued and certified by the management of cost)		180,000
Stock of Scrap	450000	-
Stock in Process	0	84,900
Stock of Consumables	84900	6,968,602
Finished Goods	25547630	3,914,589
Semi -Finished Goods	0	
(At cost of Market value whichever is less)		<u>11,148,091</u>
	<u>26082530</u>	<u>180,000</u>
SCHEDULE - 6: SUNDRY DEBTORS		
More than Six Month		
- Considered Good		
- Not Considered Good		
Others (Considered Good)	3824544	12,904,851
	<u>3824544</u>	<u>14,615,459</u>
SCHEDULE - 7: CASH & BANK BALANCES		
Cash on Hand	69300.33	11,455
Bank Balances with Schedule Bank	-45328.48	88,936
	<u>23971.85</u>	<u>100,391</u>



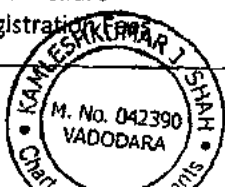
SCHEDULES FORMING PART OF BALANCE SHEET

	March 31, 2011 (`)	March 31, 2010 (`)
SCHEDULE - 8: LOANS & ADVANCES		
Advances recoverable in cash or Kind or for value to be received	-	647,175
Sundry Deposit With Others & Banks	2,197,385	3,391,861
Advance For (Expenses & Goods)	736,723	479,004
Advances to other	325,000	-
Advances with excise dept.	-	99,500
Advances to employees	98,200	8,229,341
TDS, TCS, & Bal With Revenue Authorities	1,047,788	164,797
Prepaid Exp.	250,312	-
Duties And Taxation	13,494,337	13,011,678
	<u>18,149,745</u>	
SCHEDULE - 9: CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors		
For goods supplied by others	41,927,650	45,231,515
For Expenses	6,318,391	4,143,831
For Capital Goods	6,836,803	2,870,060
Advances from Customers(from S.Debtors)	10,236,439	12,732,922
Statutory Liabilities	4,114,751	1,715,940
Outstanding Liabilities for expenses	-	-
Duties & Taxation	514,376	448,556
	<u>69,948,410</u>	<u>67,142,824</u>
Provisions	3,510,549	769,450
	<u>73,458,959</u>	<u>67,912,274</u>
SCHEDULE - 10: MISC. EXPENDITURE (to the extent not written off/adjusted)		
Share Issue Expenses	134,597	269,192
Preliminary Expenses	5,414	10,824
	<u>140,011</u>	<u>280,016</u>
SCHEDULE - 11: SALES		
Indigenous Sales	403,235,358	240,035,794
Job Work Income	1,773,451	2,166,994
	<u>405,008,809</u>	<u>242,202,788</u>
SCHEDULE - 12: OTHER INCOME		
Interest Income	219,612	156,422
Sundry balance written off	2,174,083	70,160
	<u>2,393,695</u>	<u>226,582</u>
SCHEDULE - 13: INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Stock in Process	3,914,589	12,715,079
Finished Goods	6,968,602	1,018,740
Stock of Scrap	180,000	21,500
Stock of Consumables	84,900	195,683
	<u>11,148,091</u>	<u>13,951,002</u>
Less : CLOSING STOCK		
Stock in Process		3,914,589
Stock of Consumables	84,900	84,900
Stock of Scrap	450,000	180,000
Finished Goods	25,547,630	6,968,602
	<u>26,082,530</u>	<u>11,148,091</u>
	<u>14,934,439</u>	<u>(2,802,911)</u>



SCHEDULES FORMING PART OF BALANCE SHEET

	March 31, 2011 (`)	March 31, 2010 (`)
SCHEDULE - 14: RAW MATERIAL & COMPONENTS		
Opening Stock	-	-
Add: Purchase (Including Purchased of traded Goods & consumables)	348,453,560	178,815,338
	-	-
	<u>348,453,560</u>	<u>178,815,338</u>
Less : Closing Stock	-	-
	<u>348,453,560</u>	<u>178,815,338</u>
SCHEDULE - 16: ADMINISTRATIVE EXPENSES		
Auditors Remuneration	105,000	-
Bad Debts Written Off	-	86,030
Bonus Paid	44,902	193,770
Certification Fess	-	-
Computer Expenses	194,627	28,633
Conveyance Exp.	23,864	-
CRN Fees	57,951	5,307
Depository Maintenance Exp.	-	-
Directors Remuneration	890,000	25,000
	(34,008)	-
Discount/Kasar)	960,000
Diesel Exp.	9,090	-
Donation	35,000	-
Deffered Revenue Exp. W-off	-	45,000
Electricity Expense-Office	18,174	18,035
Filling Fees	-	-
Factory License Fees	-	6,000
Garden Exp.	-	-
Insurance Charges	343,728	7,424
Internet Charges	85,153	67,493
Legal Charges	-	39,081
Legal & Professional Fees	683,661	-
Listing & SEBI charges	11,030	665,807
Asset Related Losses	66,901	65,150
Lease Rents	-	40,533
Medical Exp.	51,701	360,000
Membership & Subscription Charges	178,718	-
Misc. Exp.	14,594	244,007
Office Expenses	129,564	141,857
Postage & Courier	18,373	192,764
Perquisite to Directors	-	20,779
Printing and Stationery	220,917	-
Professional Charges	177,377	97,474
Professional Tax (Company)	2,400	30,000
Repairs and Maintenance	94,525	-
Rent Expense	360,000	203,556
Security Exp.	496,161	-
Stipend Expense	7,564	519,756
Service Tax (GTA)	188,860	-
Service Tax not receivable	358,897	-
Travelling Exp.	1,230,729	-
Telephone Charges	502,419	1,314,638
Vehicle Exp.	164,714	337,113
G.I.D.C. Notified Charges	2,009,981	154,455
Duties & Taxes	47,658	-
Staff Welfare	132,067	402,378
Registration	-	106,748



Reduction of Vat ITC @2%	398,335	-
Rent, rates & Taxes	550,771	-
Convertible Warrant Issue Exp.	-	-
Sundry Deposits W-off	-	25,000
Vehicle Hiring Charges	324,267	-
Employees Cost	-	-
Salary	16,243,988	2,823,208
Employers Contribution to P.F.	148,001	94,129
	<u>26,588,654</u>	<u>9,321,124</u>

SCHEDULE - 15: MANUFACTURING EXPENSES

Carting Expenses	3,000	-
Diesel Exp (Forklift)	7,091	-
Electricity Charges	4,755,001	-
Factory Expenses	199,853	3,981,572
Freight Inward	4,084,365	203,384
Heat Treatment Charges	90,692	3,442,094
Jalau Lakdi	2,000	88,772
Lubricant & Oil Exps	1,130	-
Labour Charges	4,536,589	-
Labout Welfare	139,349	2,293,788
Loading & Unloading Exp.	94,188	162,050
Repairs and Maintenance to Plant and Mach.	762,913	72,625
Testing Charges	75,147	1,324,147
Wages	1,295,452	91,360
Water Charges	4,067	7,553,814
Boiler Exp.	40,703	-
Prior Period Exp.	2,575	351,227
		<u>226,734</u>
	<u>16,094,115</u>	<u>19,791,567</u>

SCHEDULE - 17: SELLING & DIST. EXPENSES

Advertisement Exp.	81,859	105,360
Clearing & Forwarding expenses	3,075,940	-
Packing and Forwarding Charges	(63,506)	3,385
Freight Outward	16,548,486	9,814,615
Freight Outward (Export)	-	-
Sales Related Exp.	-	-
Inspection Charges	-	64,750
Sales Commission	-	-
Sales Promotion	106,479	-
Business Development	46,196	265,516
Agency Charges	-	228,963
	<u>19,795,454</u>	<u>10,482,589</u>

SCHEDULE - 18: FINANCIAL CHARGES

Bank Charges & Commission	124,110	67,191
Interest Others	1,075,166	3,853,776
Bank Interest	-	20,673
	<u>1,199,276</u>	<u>3,941,640</u>



SCHEDULE: 19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

Significant Accounting Policies:

A) 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.

B) FIXED ASSETS:

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

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

C) 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, Depreciation is provided on additions on pro-rata basis. Further Depreciation is provided only on the Fixed Assets which were put to use during the year. Leasehold land has not been amortised.

D) INVENTORIES:

Stock-in-Trade Comprising of Raw Material, Component and Semi-Finished goods are stated at 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 lower.

E) 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 off Cenvat Credit.

F) IMPAIRMENT OF ASSETS:

The Carrying amount of the Companies Assets are receivable at each balance sheer are determine whether there is an incidence and impairment. If any shall incidence exits, the assets recoverable amount existing the impairment loss is recognised whenever the carrying amount of assets exceeds the recoverable amount. Impairment losses are recognised in the income statement as the point on which the impairment is identified.

G) PRELIMINARY & SHARE ISSUE EXPENSES

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

H) DEFERRED 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 deferred basis over a period of 5 years.

I) FOREIGN EXCHANGE TRANSACTIONS:

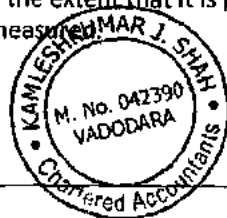
During the year under audit no foreign exchange transactions are reported except Foreign Tour of Directors which has no relevance on Foreign Exchange Fluctuations.

J) SALES AND PURCHASES:

- i) Sales are disclosed exclusive of taxes and duties.
- ii) Purchases are disclosed exclusive of taxes and duties for which credit is availed.
- iii) Inter-unit transfers are neither treated as Sales nor Purchase.

K) REVENUE RECOGNITION:

Revenue is recognized to the extent that it is portable that the economies benefits will flow to the company and the revenue can be reliably measured.



L) INVESTMENT:

Long Term Investments are stated at cost of acquisition. Diminution in value of such long term Investment is not provided for except where determined to be of permanent nature. However, Investment in share of Madhavpura Co-op Bank Ltd, although it's realisable value is "ZERO" is not provided for as the company has obtained secured loans from the said Bank and the companies proposed for OTS is under Consideration.

NOTES ON BALANCE SHEET:**A) SECURED LOAN:**

We have been informed by the management that, their bankers namely Madhavpura Mercantile Co. Operative Bank Ltd. is facing severe financial crisis and it is not functioning since March, 2001. The said bank is seeking assistance of fellow co-operative banks, State Government & Central Government. Due to non availability of foreign L.C. facilities and additional working capital facility from this bank, the company had incurred huge losses on account of cancellation of Export Sales. The Management have offered to settle the account under OTS scheme.. The matter is under consideration by the bank.. The management has not provided for interest since 1999-2000.

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

B) TAXES ON INCOME:

(a) Current Tax is not provided in view of Carry forward losses/ unabsorbed depreciation available for set off.

(b) Deferred Tax is recognised subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting incomes 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)

	2010-11 AMOUNT(Rs.)	2009-10 AMOUNT(Rs.)
Op. Balance Of Deffered Taxes	(6,58,237)	2,40,023
Add:- During the Year	4,92,953	(8,98,261)
Balance Net DTA	(1,65,284)	(6,58,237)

C) SEGMENT REPORTING:

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

D) EARNINGS PER SHARE:

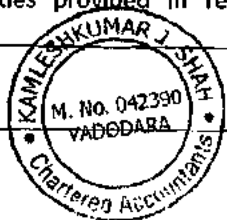
The securities and exchange Board of India (SEBI) has amended clause 41 of the listing agreement by virtue of which accounting standard - 20 "earning per share" issued by The Institute of Chartered Accountants of India has become mandatory. In view of this the company has adopted the same and following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

Calculation Of EPS

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Net Profit Attributable to Equity Share Holders	32,07,535	1,18,09,041
Weighted Average No Of Shares	43,08,600	4,308,600
Basic Earnings Per Share	0.74	2.74
Diluted Earnings Per Share	0.74	2.74

PROVISIONS & CONTINGENT LIABILITIES:**(A)**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Contingent liabilities provided in respect of outstanding Bank Guarantee	NIL	NIL
Contingent liabilities provided in respect of outstanding Letter of Credit	NIL	NIL



(B) In the opinion of the Board of Directors the Current Assets, Loans and Advances are approximately of the value stated that would realise in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of amount reasonably necessary. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(C) Income Tax Department has Disallowed Loss of Rs.1,68,83,028/= for the Assessment Year 2002-03. The Matter is pending with Commissioner of Income Tax (Appeals)-I, Baroda. In case of Appeal being dismissed Carry Forward Loss to the extent of Rs. 1,68,83,028/= shall be reduced

Based on the favourable decision in similar cases/ legal opinions taken by the Company/ discussions with the solicitors etc. the Company believes that it has good cases and hence no provision there against it is considered necessary.

(D) The Company follows cash system of accounting of Gratuity and leave Encashment and has not obtained actuarial valuation of the present value of gratuity liability & unutilised leave benefits. Hence Liability for the same is not quantified and unprovided for.

Disclosure under small, Medium, Enterprise Development Act, 2006

Micro, Small & Medium Enterprise on Terms & Section 22 of the Micro, Small and Medium enterprise development Act, 2006 have been determined to the exiting parties have been identified on the basis of information available with the company and relied upon by the auditors, the company has not received information from the suppliers regarding the status under the Micro, Small and Medium Enterprise Development Act 2006 and hence Disclosure if any relating to amount unpaid as the year and together with interest payable as required under the said act hence not been given.

E) SUNDRY DEBTORS:

Sundry Debtors includes amount due from companies in which directors are interested directly or otherwise amounts to NIL [P.Y. Rs. 42.71 Lacs].

ADDITIONAL INFORMATION:

(1) 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 vide Case No. 347/2003. BIFR Bench 1 had 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 had 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.

(2) In the current year company's Net-Worth has exceeded Accumulated Losses. Up-to previous year the accumulated losses were more than net worth of the Company.

(3) 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.

(4) The Income-tax Self Assessments have been completed up to the Asst Year 2008-09. The DCIT has disallowed expenses of Rs.16,01,845/- comprising of Depreciation and Wage bill vide his order dated 06/12/2010. The Company has preferred an appeal against order of DCIT. During the year under review the company has not made provision for income tax on account of carried forward losses.

(5) The Company had received advance against Order to which liability towards interest was to be provided as per agreed terms. It is explained by the management that trial run were still going on and hence would be adjusted against the sales (with interest) as and when sales is made.



SUPPLEMENTARY PROFIT AND LOSS DATA:**Managerial Remuneration Payable to the Managing Director includes:**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Salary	8,90,000	9,60,000
Perquisites	-	-

Auditor's Remuneration:

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Audit Fees	75,000	50,000
Tax Audit	30,000	15,000
Taxation and Other Matters	NIL	10,000
Total	1,05,000	75,000

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.

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	2010-11 Amount (Rs.)	2009-10 Amount (Rs.)	Amt o/s as on 31.03.2011 (Rs.)
Mr. Nitin R. Parekh (Chairman)	Key Management Person	Director Remuneration	8,90,000	9,60,000	67,300 Cr.
Sun Precision cast Pvt. Ltd.	Director is a Director	Opening Balance	85,100 Dr.	85,100 Dr.	85,100 Dr.
Dev Profile	Son of Managing Director is Proprietor	Sales & Jobwork Purchases Purchase of Plant & Machineries	3,26,12,604 15,97,976	10,25,95,420 94,65,884 4,03,72,345	NIL
Aditya Limited	Son of Managing Director is Director	Sales	20,88,01,183	13,77,90,544	1,28,40,482 Cr.



FOREIGN CURRENCY TRANSACTIONS.	2010-11 Rs in lacs	2009-10 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)		
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	14,000 Tones.
iii) Actual Production (Excluding Job Work)	6,58,531 Nos.

SALES DURING THE PERIOD FROM 01.04.2010 TO 31.03.2011

S.No.	Description	2010-11		2009-10	
		Qty	Value Rs.	Qty	Value Rs.
1	Pipe Fittings, Forgings & Flanges Inclusive of Scrap & Billets	6,48,754 Nos.	40,50,08,809	389759 Nos.	24,22,02,788
TOTAL SALES			40,50,08,809		24,22,02,788

QUANTITY & VALUE OF OPENING AND CLOSING STOCK OF FINISHED GOODS & RAW MATERIALS PARTICULAR:**A) C.S Flanges :-**

	2010-11 QTY(No)	2009-10 QTY(No)	2010-11 Amount (Rs)	2009-10 Amount (Rs)
Opening Stock	3213	235	1,11,48,091	1,39,51,002
Add:- Purchase	262704	390299	34,31,57,100	17,56,96,998
Less:-Sales	257904	387321	39,89,64,593	23,79,42,910
Closing Stock	8014	3213	2,56,15,869	1,11,48,091

B) M.S & S.S Flanges & Scrap:-

	2010-11 QTY(No)	2009-10 QTY(No)	2010-11 Amount (Rs)	2009-10 Amount (Rs)
Opening Stock		0		
Add:- Manufactured	4055	2438	52,97,228	10,97,490
Less:-Sales	3908	2438	60,46,746	14,97,736
Closing Stock	146	0	4,66,685	

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**I. Registration details :**

Registration No.

1 7 1 9 6

State Code

0 4

Balance sheet Date

31 3 20 11

II. Capital raised during the year :

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placements

N I L

III. Position of mobilization and deployment of funds : (Amounts in Thousands)

Total liabilities

1 9 7 2 6 4

Total Assets

1 9 7 2 6 4

Source of Fund

Paid-Up-Capital

4 3 0 8 6

Reserve and Surplus

N I L

Secured Loans

6 4 4 7 0

Unsecured Loans

1 6 0 8 4

Application of Funds

Net Fixed Assets

1 1 5 4 6 4

Investments

1 6 3 2

Net Current Assets

(-) 2 5 3 7 8

Miscellaneous Expenditure

1 4 0

Accumulated Loss

3 1 8 9 8

Deferred Tax Asset

1 6 5

IV. Performance of the Company : (Rs. In Thousands)

Turnover, including other income

4 0 5 0 1 0

Total Expenditure

4 1 9 2 2 0

Profit/Loss before Tax

2 6 2 3

Profit/Loss after Tax

3 2 0 7

Earnings per Share in Rs.

0 . 7 3

Dividend Rate %

N I L

V. Generic names of Principal Products/Services of the 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

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

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

As per our report attached of even date

For, Shah Kamleshkumar J

Chartered Accountant

Kamlesh J. Shah

Proprietor

Membership No. 042390



For & On Behalf Of Board

Aditya Forge Limited

Nitin Parekh

Managing Director

Pankaj R. Parekh

Director

Place : Vadodara

Date : 02nd September, 2011

Place : Vadodara

Date : 02nd September, 2011

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 : _____ Regd. Folio No. _____ I hereby record my presence at the 19th Annual General Meeting of the Company held on Thursday the 29th September, 2011 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 19th Annual General Meeting of the Company to be held on 29.09.2011 at the Registered Office of the Company and at any adjournment thereof.

Signed _____ Day of _____ 2011 the said.

AFFIX
1/- Re.
REVENUE
STAMP

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**