



**ADITYA GEARS LTD.**

**ANNUAL REPORT**  
**2007 - 2008**

## ADITYA GEARS LTD.

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### **BOARD OF DIRECTORS**

ASHOK KUMAR HARLALKA,  
*Chairman & Managing Director*  
MADAN LAL HARLALKA  
SUNITA HARLALKA

### **BANKERS**

ORIENTAL BANK OF COMMERCE  
BANK OF INDIA

### **REGISTRARS**

MAHESHWARI DATAMATICS PVT. LTD.  
6, MANGOE LANE, 2ND FLOOR  
KOLKATA - 700 001

### **AUDITORS**

G. AGARWAL & ASSOCIATES  
*Chartered Accountants*

### **REGISTERED OFFICE**

21, PRINCEP STREET  
1ST FLOOR  
KOLKATA - 700 072

### **FACTORY**

PLOT NO. A-1164, PHASE IV  
RIICO INDUSTRIAL AREA  
BHIWADI - 301019 (RAJASTHAN)

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## NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of ADITYA GEARS LTD. will be held at 21, Princep Street, Kolkata - 700 072 on Friday, the 5th day of September, 2008 at 11.00 A.M. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Reports of the Auditors and Directors thereon.
2. Mr. Madan Lal Harlalka, retires by rotation and being eligible, offers himself for re-appointment as Director of the Company.
3. To appoint Auditors and to fix their remuneration.
4. To transact such other business as may be transacted at the Annual General Meeting.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

*"Resolved that in accordance with the provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and as per the guidelines by all the authorities involved in such issues subject to conditions and modifications as may be considered necessary by Board of Directors to consider for forfeiture of unpaid Equity shares after giving a final reminder to the shareholders by giving them waiver of 50% on accrued interest. The Board is hereby authorised to forfeit the shares on which call will remain in arrear after the terms of offer ends.*

*Resolved further that the forfeitured shares the Board is hereby authorised to issue fresh Equity shares in lieu of those shares so forfeited to the class of Investors as deemed fit and to determine the form and terms of the issue as per the guidelines and to settle any question or difficulties that may arise in regard to the issue. The Board is also authorised in its absolute discretion as may deem fit and to make and accept any modification in the proposal and as may be required by the authorities involved in such issues."*

For and on behalf of the Board  
ASHOK KUMAR HARLALKA

*Chairman and  
Managing Director*

Place : Kolkata

The 15th day of July, 2008

**IMPORTANT NOTES :**

1. The Register of Members of the Company will remain closed from September 1, 2008 to September 5, 2008 (both day inclusive).
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and on a poll only to vote instead of him. Such Proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Members are advised to send all correspondence/documents only to the Share Department at the Registered Office of the Company. The Company does not take any liability or responsibility whatsoever for correspondence / documents sent to any other address.
4. Entry will be strictly on production of Attendance Slip.
5. As a measure of economy, Members/proxies are requested to bring their copy of the Annual Report at the meeting. No Annual Report will be distributed at the meeting.
6. Members are requested to send their queries, if any, on the workings of the Company at least 7 days before the meeting so as to enable the management to workout on the queries and give suitable answer to the extent possible, at the meeting.
7. The relating Explanatory Statement in respect of the Special Business to be transacted at the meeting is appended hereto.

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**EXPLANATORY STATEMENT**

The following are the Explanatory Statement in accordance to the Companies Act, 1956 relating to the business mentioned for Special Business No. 5 of the accompanying notice dated 15th July, 2008.

**No. 5**

The unpaid Equity shares are long overdue for payment. These outstanding are from 1996. The outstanding since then are not forthcoming. It is being proposed to send the final reminder by giving them a waiver of 50% interest since accrued. The Shareholders are being requested to come forward and pay the arrears. This long due arrears had also reflected in the performance of the Company. The management have waited long and would like to give the final reminder to the Shareholder with 50% accrued interest waiver to proceed with the forfeiture of the shares. The Board recommends this resolution for approval of the Shareholders.

For and on behalf of the Board  
**ASHOK KUMAR HARLALKA**  
*Chairman and  
Managing Director*

Place : Kolkata  
The 15th day of July, 2008

**DIRECTOR'S REPORT**

To The Members  
ADITYA GEARS LTD.

Your Directors present the 13th Annual Report of your Company along with the Audited Statement of Accounts for the Financial Year ended March 31, 2008.

**FINANCIAL RESULTS**

The Financial Results are stated as under :

**PARTICULARS**

**Year Ended 31.03.2008**  
**(Rs. in Lacs)**

Sales & Operating Income	0.47
Other Income	Nil
Gross Loss before Interest, Depreciation and Taxation	(7.78)
Interest & Finance charges	Nil
Gross Loss after Interest but before Depreciation and Taxation	(7.78)
Depreciation	19.97
Provision for Taxation	Nil
Provision for Fringe Benefit Tax	0.005
Net Loss	(27.75)

**OPERATIONAL PERFORMANCE AND FUTURE OUTLOOK**

The Company needs fresh inflows of Capital. The Call money in arrears are also not forthcoming. Bankers had given their approval for one time settlement. We need to settle their outstanding at the earliest. The Company may decide to sell fixed assets to meet these obligations. The process of infusing fresh working capital are also under negotiation. The decision as the situation warrants will be taken. We need fresh capital to restart our working activities. We are giving a fresh look to our operations and will restructure to the emerging opportunities. We will overcome the challenges ahead and assure you of the favourable future outcome.

**DIVIDEND**

In view to the above financial results, your Directors did not recommend any dividend for the year under review.

**EXPORTS**

The Company is in the process of identifying markets for its products and hopes for good response.

**CALL MONEY ARREARS**

We request the Share Holders to clear the Call Money who had not done yet. The Company needs Capital at this point urgently to achieve the growth emerging from the forthcoming opportunities. The Call Money collection will definitely help to achieve the desired results of the Company. The immediate action will be appreciated. The fresh proposal with 50% interest waiver will be made. Members are requested to avail of this opportunity and clear the pending arrears.

**FINANCE**

The Company needs fresh inflow of fund to meet the current capital need. The Board can also consider selling of its Fixed Assets as the situation warrants to meet its commitments to bank.

**CONSERVATION OF ENERGY**

The thrust on energy conservation continues and necessary measures for optimization of energy consumption have been taken.

**PARTICULARS OF EMPLOYEES**

None of the employees are covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**DIRECTORS**

Mr. Madan Lal Harlalka, retires by rotation and being eligible, offers himself for re-appointment as Director of the Company.

**AUDITORS**

M/s.G. Agarwal & Associates, the retiring Auditors, have expressed their willingness for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of section 217 (2AA) of the Companies Act, 1956 :

- a) That in the preparation of the Annual Accounts for the year ended 31st March' 2008, the applicable accounting standards have been followed ;
- b) That such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March' 2008, and of the profit of the company for the year ;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- d) That the Annual accounts for the year ended 31st March' 2008 have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

The Board of Directors expressed their sincere gratitude to its employees, suppliers, share holders, bankers and other government agencies for their continued support.

Place : Kolkata

The 29th day of June, 2008

For and on behalf of the Board  
ASHOK KUMAR HARLALKA  
Chairman and  
Managing Director

**CORPORATE GOVERNANCE REPORT**

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

**1. Company's Philosophy on Code of Governance**

The Company' Philosophy on Code of Governance envisages attainment of highest level of transparency, accountability, empowerment and ethical business conduct across all facets of its operations. The Company aspires to be a responsible partner acting with integrity towards its shareholders, customers, employees, the government and its business associates.

**2. Board of Directors****Composition**

The Board of Directors of the Company is as follows :

Name of Directors	Category	Attendance Particulars		Other Board representation Directorship #
		Board Meetings	Last AGM	
Sri Ashok Kumar Harlalka Chairman and M. D.	Executive	9	Yes	Nil
Sri Madan Lal Harlalka	Executive	9	Yes	Nil
Smt. Sunita Harlalka	Non-Executive	9	Yes	Nil

\* Directorship in private limited company is not considered.

Nine Board meetings were held during the financial year 2007-2008. They were held on 30th April '2007, 29th June '2007, 31st July '2007, 21st September '2007, 1st October '2007, 30th October '2007, 5th December '2007, 30th January '2008 and 27th March '2008. The maximum time gap between any two meetings was not more than four calendar months.

**3. AUDIT COMMITTEE**

The term of reference of this committee cover the matter specified for Audit Committee under clause 49 of the Listing Agreement.

**COMPOSITION**

The Audit Committee of the Company Comprises two Directors, who possess knowledge of the corporate finance & accounts.

The constitution of the Audit Committee is as follows :

1. Smt. Sunita Harlalka : Chairman
2. Sri Madan Lal Harlalka : Member

**MEETINGS AND ATTENDANCE**

During the financial year ended 31st March '2008, 4 Audit Committee Meetings were held and all the four meetings were attended by both the above Directors.

**4. REMUNERATION COMMITTEE****Terms of Reference**

The Company has one Managing Director on the Board, whose appointment and remuneration had been fixed in terms of resolution passed by the Members. The Managing Director and the other Directors on the Board are presently not even drawing the remuneration fixed due to the losses of the Company. Therefore, no Remuneration Committee has been constituted.

**Details of Remuneration / Sitting Fees paid to all Directors**

The remuneration/Sitting Fees payable to the Executive / Non-Executive Directors for the year 2007-2008 are as under :

<b>Name of the Directors</b>	<b>Remuneration</b>	<b>Sitting Fees</b>	<b>Commission</b>
1. Sri Ashok Kumar Harlalka	60,000	—	—
2. Sri Madan Lal Harlalka	42,000	—	—
3. Smt.Sunita Harlalka	—	13,500	—

**5. SHARE HOLDERS COMMITTEE**

The Share Holders Committee / Investors Grievance Committee consists of Smt. Sunita Harlalka as Chairman and Sri Madan Lal Harlalka as member of the Committee.

The Committee deals with various matters relating to the transmission of shares, issue of duplicate share certificates, approving the split and consolidation requests and other matters including Shareholder's Complaints and Grievances. There are no investor Grievances and pending Share Transfers as on 31st March '2008.

**6. GENERAL BODY MEETING**

The information of last three Annual General Meetings of the Company held are given below. All the meetings were held at the registered office of the Company at 21, Princep Street, Kolkata-700 072.

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>
2004-2005	23.09.2005	11.00 A.M.
2005-2006	23.09.2006	11.00 A.M.
2006-2007	21.09.2007	11.00 A.M.

No special resolutions were passed by the Company through postal ballot at any of the above meetings.

**7. DISCLOSURE**

- i) The Company has not entered into any transactions of a material nature with the promoters, Directors or the Management, that may have potential conflict with the interest of the Company at large.



- ii) The Company has neither made any non-compliance with any of the legal provisions of the law nor any penalty or stricture has been imposed by the Stock Exchange or SEBI or any other statutory authority, on any matter related to the capital markets, during the last three years. Listing Fees of Stock Exchanges are being pending.
- iii) The appointment of independent Directors etc. as per the revised norms of Clause 49 of the Listing Agreement had to be kept pending in view of the prevailing conditions imposed with regard to the NPA Account with the Bankers. The process will be undertaken once it is resolved with the Bankers.

#### **8. MEANS OF COMMUNICATION**

Information like Quarterly Financial Results and Press Releases on significant developments in the Company that has been made available from time to time to the press, institutional investors and analysts has been submitted to the Stock Exchanges on which the Company's shares are listed. The Quarterly Financial Results are normally published in Echo of India and Arthik Lipi.

#### **9. SHARE HOLDER INFORMATION**

**Registered Office** : 21, Princep Street, Kolkata-700 072.

**Annual General Meeting** : Date and Time - Sept. 5, 2008 at 11 A.M.

Venue - 21, Princep Street, Kolkata-700 072.

#### **Financial Calender**

##### **Financial reporting for the quarter ending**

- o June 30, 2006 - End July 2008.
- o September 30, 2006 - End October 2008.
- o December 31, 2006 - End January 2009.
- o March 31, 2007 - End June 2009.

**Date of Book Closure** : 1st to 5th September '2008  
(both days inclusive).

**Dividend Payment Date** : Not Applicable

**Listing on Stock Exchanges** : Kolkata, Mumbai, Jaipur & Ahmedabad.

**Stock Code** : BSE, Mumbai - 531677  
CSE, Kolkata - 11130

#### **Registrar and Share Transfer Agents**

Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata -700 001.

Telephone Number : 2243 5029/5809 are Registrars and Share Transfer Agents.

#### **Share Transfer System**

The shares received for transfer in physical mode are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect.

**Distribution of Shareholding as on March 31, 2008 :**

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% Share Holding
1 to 500	262	123700	2.2820
501 to 1,000	1654	1552000	28.6320
1,001 to 2,000	37	49200	0.9076
2,001 to 3,000	36	91300	1.6843
3,001 to 4,000	5	19000	0.3505
4,001 to 5,000	11	54100	0.9984
5,001 to 10,000	53	451700	8.3331
10,001 and above	82	3079500	56.8121
<b>Grand Total</b>	<b>2140</b>	<b>5420500</b>	<b>100.0000</b>

**Share Holding Pattern as on March 31, 2008 :**

Category	No. of Shares held	% of Share Capital
Promoter's Holding	913800	16.86
Mutual Funds/UTI	—	—
Banks/Financial Institutions/Insurance Company/Govt. Company	—	—
Private Corporate Bodies	1124900	20.75
NRI's/Foreign Shareholders	—	—
Public/Others	3381800	62.39
<b>TOTAL</b>	<b>5420500</b>	<b>100.00</b>

**Dematerialisation of Shares**

The Dematerialisation of Shares are under process.

**Plant Locations**

A-1164, RIICO Industrial Area, Phase-IV, Bhiwadi - 301 019, Rajasthan

**Investor Correspondence**

For any assistance regarding share transfers, transmission, change of address, non-receipt of annual report and any other query relating to the shares of the Company, please write to

MAHESHWARI DATAMATICS PVT. LTD.

6, Mangoe Lane, Kolkata - 700 001.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Aditya Gears Ltd.

We have examined the compliance of conditions of Corporate Governance by Aditya Gears Ltd., for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the material conditions as per erstwhile guidelines of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that based on the records maintained by the Company, no investor grievances are pending against the Company as at March 31, 2008.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

50, Weston Street  
Room No. 301, 3rd Floor  
Kolkata - 700 012  
The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner  
Membership No. 051601

**AUDITOR'S REPORT**

The Members of  
ADITYA GEARS LTD.

1. We have audited the attached Balance Sheet of ADITYA GEARS LTD. as at 31st March '2008, the related Profit and Loss Account and Cash Flow Statement 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.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure-A, statement on the matters specified in paragraph 4 & 5 of the said order to the extent applicable.
4. Further to our "NOTES & COMMENTS" in the Annexure referred to in Paragraph 3 above and Annexure 12 forming part of the P/L A/c & Balance Sheet, we report that :-
  - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account produced before us.
  - d. On the basis of written representations received from the Directors and taken on record by the Board of Directors we report that none of Directors of the Company are disqualified from being appointed as Directors of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - e. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement have been drawn up in accordance with the Accounting Standards referred to sub-section(3C) of Section 211 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, subject to "Notes" on accounts, the said Accounts give the information required by the Companies Act' 1956, in the manner so required to give a true and fair view :-
    - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st, March, 2008.
    - ii) In case of the Profit & Loss Account of the loss for the year ended on that date.
    - iii) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

50, Weston Street  
Room No. 301, 3rd Floor  
Kolkata - 700 012  
The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner  
Membership No. 051601

**"ANNEXURE" TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 31.03.2008**

(Referred to in paragraph 3 of our Report of even date)

- I a) As informed the Company has maintained proper records showing full particulars, including quantitative details and situation of its Fixed Assets.
- b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us, the company has not disposed off any of its fixed assets.
- II a) In view of the suspension of operations at the manufacturing unit of the company, the physical verification of inventory had not been carried out.
- b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventory as established by the company are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) According to the information and explanations given to us the physical verification of stock at the year end had not been taken hence any material discrepancies between physical stock and the book records could not be ascertained.
- III a) The Company has neither granted or taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view to our comment in paragraph III(a) above, the other clauses of paragraph 4 of the aforesaid Order are not applicable to the company.
- IV) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to the purchase of inventory, fixed assets and sale of goods. Further during the course of our Audit we neither came across nor have been informed of any continuing failure to correct major weaknesses in internal control.
- V) According to the information and explanations given to us, no transactions of goods returned made and entered in the register maintained under Section 301 of the Companies Act, 1956.
- VI) The Company has not accepted any deposits during the year from the public, under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Therefore clause (VI) of paragraph 4 of the aforesaid Order is not applicable to the company.
- VII) During the year, the company has no Internal Audit reporting system in commensurate with size and nature of its business. As per the information given to us the company will implement as it grows.
- VIII) As informed to us by the company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- IX a) According to the information and explanation given to us, the company has outstanding liability brought forward from earlier years in respect of sales tax brought forward from earlier years to the extent of Rs. 47,649.40 including R.S.T., C.S.T., S.T. on a/c of supplier, surcharge &

contractor. The company also has overdue outstanding liability in respect of Provident Fund Rs. 5,373/- & Professional Tax Rs. 5,890/-.

- b) As informed to us there are no dues of Sales Tax, Income Tax, Custom Tax, Wealth Tax, Excise duty, Cess for the financial year ended 31st March '2008, which have not been deposited on account of any dispute.
- X) The Company has accumulated losses as at the end of the Financial Year 31/03/2008 to the extent of Rs. 3,77,27,371/- which is more than fifty percent of its net worth. The company has incurred cash losses in the financial year ending 31st March '2008 and in the financial year immediately preceding such financial year.
- XI. In our opinion and according to the information and explanations given to us the company has an overdue outstanding liability of Secured Loans to a Bank. The amount outstanding as at 31st March, 2008 is Rs. 2,47,59,455.00. The company has not provided for interest on Secured loan.
- 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 the Company is not a Chit fund or a Nidhi / mutual benefit fund/society. Therefore the provisions of clause (XIII) of paragraph 4 of the aforesaid Order is not applicable to the company.
- XIV. To the best of our knowledge and belief and according to the information and explanations given to us the company is not dealing or trading in shares, securities, debentures and other investments.
- XV. As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- XVI. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- XVII. On the basis of an overall examinations of the Balance Sheet of the Company and according to the information and explanation given to us, no such funds raised on short term basis have been used for long term investment and vice versa.
- XVIII. According to the information and explanation 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. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not issued any Debentures during the year.
- XX. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- XXI. During the course of our examination of the books of Account carried out in accordance with generally accepted auditing practices, we have neither come across any instance of fraud, on or by the company nor have we been informed of any such case by the management.

50, Weston Street  
Room No. 301, 3rd Floor  
Kolkata - 700 012  
The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner  
Membership No. 051601

## BALANCE SHEET AS AT 31ST MARCH, 2008

	<u>Schedule</u>	<u>As at 31st March, 2008 Rupees</u>	<u>As at 31st March, 2007 Rupees</u>
<b>I. SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUND</b>			
SHARE CAPITAL	1	4,01,28,250	4,01,28,250
RESERVES & SURPLUS	2	15,00,000	15,00,000
<b>LOAN FUNDS</b>			
SECURED LOANS	3	2,47,59,455	2,55,59,455
		<u>6,63,87,705</u>	<u>6,71,87,705</u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>	4		
GROSS BLOCK		4,75,26,733	4,75,26,733
Less : DEPRECIATION		1,90,45,246	1,70,48,173
NET BLOCK		<u>2,84,81,487</u>	<u>3,04,78,560</u>
CAPITAL WORK-IN-PROGRESS		6,00,000	6,00,000
		<u>2,90,81,487</u>	<u>3,10,78,560</u>
INVESTMENTS (N.S.C.)		3,000	3,000
<b>A. CURRENT ASSETS, LOANS &amp; ADVANCES</b>	5		
INVENTORIES		16,05,431	16,52,819
SUNDRY DEBTORS		58,67,961	60,42,961
CASH & BANK BALANCES		39,833	61,395
LOANS & ADVANCES		6,37,461	6,43,997
		<u>81,50,686</u>	<u>84,01,172</u>
Less :			
<b>B. CURRENT LIABILITIES &amp; PROVISIONS</b>	6		
CURRENT LIABILITIES		97,12,284	87,63,564
		<u>97,12,284</u>	<u>87,63,564</u>
NET CURRENT ASSETS (A-B)		(15,61,598)	(3,62,392)
<b>MISCELLANEOUS EXPENDITURE :</b>	7		
(To the Extent not Written off or Adjusted)			
PRELIMINARY & PUBLIC ISSUE EXP.		11,37,445	15,16,594
PROFIT & LOSS ACCOUNT		3,77,27,371	3,49,51,943
		<u>6,63,87,705</u>	<u>6,71,87,705</u>

"NOTES" TO THE ACCOUNTS IN ANNEXURE 12 ANNEXED

As per our report of even date Annexed

50, Weston Street,  
Room No. 301, 3rd Floor  
Kolkata-700 012

The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner

ASHOK KUMAR HARLALKA  
MADAN LAL HARLALKA  
Directors

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

	Schedule	For the year ended 31st March, 2008 Rupees	For the year ended 31st March, 2007 Rupees
<b>I. INCOME :</b>			
SALES & JOB WORK (Incl. Excise Duty)	8	47,387	28,397
		<u>47,387</u>	<u>28,397</u>
<b>II. EXPENDITURE :</b>			
MANUFACTURING EXPENSES	9	69,402	59,292
EXCISE DUTY		6,536	3,917
ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES	10	3,22,727	3,23,133
DEPRECIATION		19,97,073	19,97,073
(INCREASE)/DECREASE IN STOCKS	11	47,388	28,397
PUBLIC ISSUE & PRELIMINARY EXP. W/OFF		3,79,149	3,79,149
INVENTORIES W/OFF		NIL	52,25,316
		<u>28,22,275</u>	<u>80,16,277</u>
PROFIT / (LOSS) BEFORE TAX		(27,74,888)	(79,87,880)
PROVISION FOR TAXATION - Current		NIL	NIL
- Deferred		NIL	NIL
- Fringe Benefit Tax		540	514
PROFIT / (LOSS) AFTER TAX		<u>(27,75,428)</u>	<u>(79,88,394)</u>
LOSS B/F FROM LAST YEAR		(3,49,51,943)	(2,69,63,549)
BALANCE C/F TO BALANCE SHEET		<u>(3,77,27,371)</u>	<u>(3,49,51,943)</u>
EARNING PER SHARE		(0.69)	(1.99)

"NOTES" TO THE ACCOUNTS IN ANNEXURE 12 ANNEXED

As per our report of even date Annexed

50, Weston Street,  
Room No. 301, 3rd Floor  
Kolkata-700 012  
The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner

ASHOK KUMAR HARLALKA  
MADAN LAL HARLALKA  
Directors



**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 2008**

	31st March 2008 <u>Rupees</u>	31st March 2007 <u>Rupees</u>
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
70,00,000 Equity Shares of Rs. 10/- Each	7,00,00,000	7,00,00,000
	<u>7,00,00,000</u>	<u>7,00,00,000</u>
<b>ISSUED AND SUBSCRIBED :</b>		
54,20,500 Equity Shares of Rs. 10/- Each	5,42,05,000	5,42,05,000
<b>PAID-UP :</b>		
54,20,500 Equity Shares of Rs. 10/- Each paid up in Cash (Rs. 1,40,76,750 is due against Allotment & Call Money)	4,01,28,250	4,01,28,250
	<u>4,01,28,250</u>	<u>4,01,28,250</u>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS :</b>		
Development Subsidy	15,00,000	15,00,000
	<u>15,00,000</u>	<u>15,00,000</u>
<b>SCHEDULE - 3 : SECURED LOANS :</b>		
ORIENTAL BANK OF COMMERCE : TERM LOAN A/C (i) (Against Mortgage of Fixed Assets)	68,32,552	76,32,552
ORIENTAL BANK OF COMMERCE : TERM LOAN A/C (ii) (Against Mortgage of Fixed Assets)	63,47,526	63,47,526
ORIENTAL BANK OF COMMERCE : CC A/C (Against Hypothecation of Book-Debts, Stocks Viz. Raw-Materials, FG, WIP, Stores & Spares etc.)	1,02,28,473	1,02,28,473
ORIENTAL BANK OF COMMERCE	13,50,904	13,50,904
	<u>2,47,59,455</u>	<u>2,55,59,455</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

## SCHEDULE - 04 : FIXED ASSETS AS AT 31ST MARCH, 2008

(Rounded to Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK	
	Balance As On 01.04.2007	Addition/ (Deletion) During the Year	Balance As On 31.03.2008	As On 01.04.2007	Deprecia- tion For The Year	Disposed Off During The Year	Upto 31.03.2008	As On 31.03.2008	As On 31.03.2007
1. LAND	31,99,644	—	31,99,644	—	—	—	—	31,99,644	31,99,644
2. FACTORY BUILDING	78,79,270	—	78,79,270	23,74,500	2,63,168	—	26,37,668	52,41,602	55,04,770
3. PLANT & MACHINERY	3,38,63,997	—	3,38,63,997	1,35,39,063	16,08,540	—	1,51,47,603	1,87,16,394	2,03,24,934
4. FURNITURE & FIXTURES	1,38,808	—	1,38,808	78,213	8,787	—	87,000	51,808	60,595
5. OFFICE EQUIPMENTS	27,799	—	27,799	14,440	1,760	—	16,200	11,599	13,359
6. ELECTRICAL INSTALLATION	24,17,215	—	24,17,215	10,41,957	1,14,818	—	11,56,775	12,60,440	13,75,258
<b>TOTAL</b>	<b>4,75,26,733</b>	<b>—</b>	<b>4,75,26,733</b>	<b>1,70,48,173</b>	<b>19,97,073</b>	<b>—</b>	<b>1,90,45,246</b>	<b>2,84,81,487</b>	<b>3,04,78,560</b>
PREVIOUS YEAR	4,75,26,733	—	4,75,26,733	1,50,51,100	19,97,073	—	1,70,48,173	3,04,78,560	3,24,75,633

## SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	31st March 2008 Rupees	31st March 2007 Rupees
<b>SCHEDULE - 5 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As taken, valued & certified by the management)		
Finished Goods		
(At cost or market value which ever is lower)		
Kolkata	6,21,721	6,69,109
Bhiwadi	2,57,620	2,57,620
Work In Progress	1,45,500	1,45,500
Stores & Tools	5,80,590	5,80,590
	<u>16,05,431</u>	<u>16,52,819</u>
<b>SUNDRY DEBTORS</b>		
<b>(CONSIDERED GOODS)</b>		
Less than 6 months	NIL	NIL
Others	58,67,961	60,42,961
	<u>58,67,961</u>	<u>60,42,961</u>
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand (As certified by the management)		
Kolkata	22,454	34,150
Bhiwadi	NIL	NIL
<b>BALANCE WITH SCHEDULED BANKS :</b>		
Bank Account (As per Details)	17,379	27,245
	<u>39,833</u>	<u>61,395</u>
<b>LOANS &amp; ADVANCES</b>		
Deposits	2,68,252	2,68,252
Other advances	2,83,455	2,83,455
Balance with Bhiwadi	85,754	92,290
	<u>6,37,461</u>	<u>6,43,997</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET (Contd.)**

	31st March 2008 Rupees	31st March 2007 Rupees
<b>SCHEDULE - 6 : CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	58,28,736	58,06,406
Other Liabilities	37,51,794	28,17,062
G. Agarwal & Associates	1,31,724	1,39,870
Fringe Benefit Tax	30	211
V.A.T.	NIL	15
	<u>97,12,284</u>	<u>87,63,564</u>

**SCHEDULE - 7 : MISCELLANEOUS EXPENDITURE**

(To the extent not yet written off or adjusted)

Preliminary Expenses	76,480	1,01,975
Public Issue Expenses	10,60,965	14,14,619
	<u>11,37,445</u>	<u>15,16,594</u>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT****SCHEDULE - 8 : SALES (Including E.D.) & JOB WORK CHARGES**

Sales incl. E / Duty		
Calcutta	47,387	28,397
Bhiwadi	Nil	Nil
	<u>47,387</u>	<u>28,397</u>

**SCHEDULE - 9 : MANUFACTURING EXPENSES**

Repairs & Maintenance	25,402	21,292
Other Manufacturing Expenses	44,000	38,000
	<u>69,402</u>	<u>59,292</u>

## SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

	31st March 2008 Rupees	31st March 2007 Rupees
<b>SCHEDULE - 10 : ADMINISTRATIVE, SELLING &amp; DISTRIBUTION EXPENSES</b>		
Bank Charges	366	1,069
Car Expenses	938	974
Consultancy Charges & Prof. Fees	5,500	5,500
Electricity Charges	2,215	2,965
Filing fees	5,000	1,000
Salary & Bonus	27,000	21,000
Postage & Stamp	8,935	6,030
Printing & stationery	7,371	6,538
Statutory Charges	Nil	8,258
Rent, Rates & Taxes	16,500	24,815
Auditors' Remuneration	16,854	16,854
Directors' Remuneration & Sitting Fees	1,15,500	1,20,000
Telephone Charges	3,615	5,012
Travelling & Conveyance	3,383	1,643
Advertisement / Publicity expns.	3,424	3,706
Freight & Forwarding	629	543
General Expenses	29,767	27,356
Listing fees	32,750	32,750
Shareholder's Expenses	42,980	37,120
	<u>3,22,727</u>	<u>3,23,133</u>

**SCHEDULE - 11 : INCREASE / (DECREASE) IN STOCK****CLOSING STOCK OF**

Finished Goods	(A)	8,79,341	9,26,729
Less : Opening Stock of Finished Goods	(B)	9,26,729	9,55,126
<b>INCREASE / (DECREASE) IN STOCK</b>	<b>(A - B)</b>	<u><b>(47,388)</b></u>	<u><b>(28,397)</b></u>

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH '2008**

**ANNEXURE - 12**

**1. Basis of preparation of Financial Statements & its significant Accounting Policies & Audit Notes thereon :**

The financial statements of the Company are prepared under the historical cost convention on accrual basis of accounting, in accordance with the standards issued by the Institute of Chartered Accountants of India and referred to in section 211 (3C) of the Companies Act, 1956.

**2. Fixed Assets :-**

Fixed Assets are stated at cost less accumulated depreciation.

**3. Depreciation :-**

Depreciation on all fixed assets is provided using Straight Line method pro-rata to the period of use of assets, in the manner specified in schedule XIV of the Companies Act, 1956, at the rates prescribed therein.

**4. Investment :-**

Investment in NSC is considered as long term and shown at cost.

**5. Inventories :-**

Inventories are valued as under :-

Finished Goods - At Cost or Market Value whichever is lower.

Work in Progress - At Cost or Market Value whichever is lower - (The cost of WIP includes manufacturing overhead).

Stores & Spares - At Cost or Market Value whichever is lower.

(The Management certifies the above)

**6. Sales :-**

The Company recognises sale of goods on the despatch to customers. Sale comprises the amounts invoiced for goods sold inclusive of excise duty, but net of Sales Tax returns and trade discounts.

**7. Interest :-**

The Company has not provided interest on Secured Loan during the year.

**8. Retirement Benefit :-**

The Company has not incurred any retirement benefits to the employees and also no provision has been made so far.

**9. Capital work-in-progress :-**

Capital work-in-progress included advances against Capital Expenditure towards Plant & Machinery and others, the ownership thereof has not been vested with the Company. It is brought forward from earlier years.

**10. MODVAT Credit :-**

a) The value of eligible Modvat credit against Central Excise Duty paid has been adjusted against the relevant materials purchased.

b) Modvat credit so availed has been adjusted against Central Excise duty incurred on finished goods and scrap despatched and unavailed duty is carried over as advance.

**11. Deferred Revenue Expenditure :-**

Preliminary Expenses and Public Issue Expenses are written off over a period of 10 years.

**12. Subsidy (Reserve & Surplus) :-**

State-Subsidy so received quite in earlier years has been brought forward in this year also and no addition is made during the year.

**13. Director's Remuneration / Sitting Fees :-**

Rs. 1,15,500.00 has been paid to the Managing Director and other Directors which is yearly remuneration/sitting fees paid as per Schedule XIII of the Companies Act, 1956 which are within limits of Companies Act.

**14. The Company has not provided for Deferred Taxes during the year.**

**15. Additional information pursuant to the provision of paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.**

**A) Particulars in respect of Sales & Stock with its value & Qty. :-**

Description	Opening Stock		Sales at Cost		Closing Stock	
	Qnt. in Nos.	Value	Qnt. in Nos.	Value	Qnt. in Nos.	Value
Finished Goods (Gears)	2466	926729	107	47388	2359	879341

**B) Particulars of Raw Materials consumed :-**

Description	Qnt. in No.	Value
Forging	NIL	NIL

**C) Particulars of capacity utilisation :-**

Description	Licensed Capacity	**Installed Capacity	**Actual Utilisation
Forging (Raw Material)	1000 M. T.	384 M. T.	NIL

\*\* (The above are certified by the management.)

**16. Calls in Arrears of earlier year amounting to Rs. 1,40,76,750/- has not been received. Forfeiture procedure is awaited by the Company. Interest receivable on Allotment Money and Call Money on unpaid amount, are not accounted in this year. Such will be accounted for on receipts only.**

**17. The following Statutory Expenses are outstanding for more than Six months while they become payable. These are carried forward from earlier years:**

Nature	Amount outstanding as at 31.03.2008
a) C.S.T. (Bhiwadi)	33,883.00
b) Surcharge (Bhiwadi)	658.00

c) R.S.T. B/F	6,126.00
d) S.T. (Supplier)	1,875.00
e) Sales Tax (Contractor)	5,107.00
f) Prof. Tax	5,890.00
g) P.F.	5,373.00

**18. Professional Tax :**

No Professional Tax has been deducted from employees during the year as told to us.

**19. Related Party Disclosures As per Accounting Standard - 18 :-**

**a) List of the Related Parties**

Associate Company	Ashok Agencies Pvt. Ltd.
	Ashok Autonet Pvt. Ltd.

**b) List of Director**

Ashok Kumar Harlalka	Chairman / Mg. Director
Madan Lal Harlalka	Director
Sunita Harlalka	Director

**c) Transaction with Related Parties for the year ended 31.03.08 :**

	<u>Associates</u>
Telephone Expn.	3,615.00
Electricity	2,215.00
Rent	16,500.00
Short Term Advance from Ashok Agencies Pvt. Ltd.	8,00,000.00

**d) Transaction with Directors for the year ended 31.03.08 :**

Remuneration to Managing Director	60,000.00
Remuneration/Sitting Fees to other Directors	55,500.00
	<u>1,15,500.00</u>

**20. Earning per Share of Rs. 10/- each (As per AS - 20) :**

	<u>31-3-2008</u>	<u>31-3-2007</u>
Loss as per Profit & Loss Account	2775428	7988394
Weighted No. of Equity Shares o/s during the year	4012850	4012850
Basic and Diluted EPS	(0.69)	(1.99)

**21. Previous years figures have been re-grouped or re-arranged wherever felt necessary.**

*Signatures to Schedule "1" to "12"*

As per our report of even date Annexed

50, Weston Street,  
Room No. 301, 3rd Floor  
Kolkata-700 012

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner

ASHOK KUMAR HARLALKA  
MADAN LAL HARLALKA  
Directors

The 27th day of June, 2008



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

As per part (IV) of Schedule (VI) of the Companies Act, 1956

**I. Registration Details :**

Registration Number	73555	State Code	21
Balance Sheet Date	31.03.2008		

**II. Capital Raised during the year (Amount in Thousand) :**

Public issue	NIL	Rights issue	NIL
Bonus Issue	NIL	Private Placement/Others	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Thousand) :**

Total Liabilities	76099.99	Total Assets	76099.99
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**Source of Funds**

Paid-up Capital	40128.25	Reserves & Surplus	1500.00
Deferred Tax Liability	NIL	Secured Loan	24759.46
Unsecured Loans	NIL		

**Application of Funds**

Net Fixed Assets	29081.49	Investments	3.00
Net Current Assets	(1561.60)	Misc. Expenditure	1137.45
Accumulated Losses	37727.37		

**IV. Performance of Company (Amount in Thousand) :**

Turnover	47.39	Total Expenditure	2822.28
Profit / (Loss) before Tax	(2774.89)	Profit / (Loss) after Tax	(2775.43)
Earning per Shares in Rs.	(0.69)	Dividend Rate	NIL

**V. Generic Names of Three Principal Products/Services of the Company :**

(As per monetary terms)

Item Code No. : (ITC Code)	8483
Product Description :	TRANSMISSION GEAR, SHAFTS & CROWN
(To be manufactured)	WHEEL PINIONS, BEVEL PINIONS

For and on behalf of the Board  
 ASHOK KUMAR HARLALKA  
 MADAN LAL HARLALKA  
*Directors*

Place : Kolkata  
 The 27th day of June, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year ended 31st March, 2008 Rs. Rs.		Year ended 31st March, 2007 Rs. Rs.	
<b>A. Cash Flow arising from Operating Activities :</b>				
Net Profit/(Loss) before Tax		(27,75,428)		(79,88,394)
Add back : a) Depreciation	19,97,073		19,97,073	
b) Interest and Finance Charges	<u>NIL</u>	<u>19,97,073</u>	<u>NIL</u>	<u>19,97,073</u>
		(7,78,355)		(59,91,321)
<b>Operating Profit before Working Capital Changes :</b>				
Add : a) Decrease in Trade & Other Receivables	1,81,536		1,42,006	
b) Increase in Trade Payables	9,48,720		1,43,355	
c) Decrease in Inventory	<u>47,388</u>	<u>11,77,644</u>	<u>52,53,713</u>	<u>55,39,074</u>
Cash-Inflow/(Outflow) from Operation (A)		3,99,289		(4,52,247)
<b>B. Cash Flow arising from Investing Activities :</b>				
Outflow : a) Aquisition of Fixed Assets Including Capital work-in-progress		NIL		50,000
b) Decrease in Misc. Expenditure		<u>3,79,149</u>		<u>3,79,149</u>
Net Cash (Outflow) in the course of Investing Activities (B)		<u>3,79,149</u>		<u>4,29,149</u>
<b>C. Cash Flow arising from Financing Activities :</b>				
Net Cash (Outflow) in payment of Secured Loan (C)		<u>(8,00,000)</u>		<u>NIL</u>
<b>Net Cash inflow in the course of Financing Activities :</b>				
Net decrease in Cash/Cash Equivalents (A+B+C)		(21,562)		(23,098)
Add : Balance at the beginning of the year		<u>61,395</u>		<u>84,493</u>
Cash/Cash Equivalents at the close of the year		<u>39,833</u>		<u>61,395</u>

*"Notes" to the Account in Annexure "12" annexed*

As per our report of even date Annexed

50, Weston Street,  
Room No. 301, 3rd Floor  
Kolkata-700 012

The 27th day of June, 2008

For G. AGARWAL & ASSOCIATES  
Chartered Accountants  
GOPAL AGARWAL  
Partner

ASHOK KUMAR HARLALKA  
MADAN LAL HARLALKA  
Directors

# ADITYA GEARS LTD.

Registered Office : 21, Princep Street, 1st Floor, Kolkata - 700 072

## PROXY FORM

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

of being a Member/Members of ADITYA GEARS LTD. \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to attend and vote for me / us on my / our behalf at the 13th Annual General Meeting of the Company to be held on Friday, the 5th day of September, 2008 at 11 a.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

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

Folio No. \_\_\_\_\_

**NOTE :** The proxy must be returned so as to reach the Regd. Office of the Company at 21, Princep Street, 1st floor, Kolkata - 700 072 not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

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## ADITYA GEARS LTD.

Registered Office : 21, Princep Street, 1st Floor, Kolkata - 700 072

### 13TH ANNUAL GENERAL MEETING

### ATTENDANCE SLIP

DATE	VENUE	TIME
5th September, 2008	21, Princep Street, 1st Floor, Kolkata-700 072	11.00 A.M.

I certify that I am a registered Shareholder of the Company and hold ..... shares having

Folio No. ....

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Name of the Proxy in Block Letter

\_\_\_\_\_  
Proxy's Signature

**NOTE :** Shareholder/Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand over at the entrance duly signed.

**BOOK POST**

*If undelivered please return to :*

**ADITYA GEARS LTD.**

21, PRINCEP STREET, 1ST FLOOR

KOLKATA - 700 072