

ANNUAL REPORT
2011-2012

BOARD OF DIRECTORS

ASHOK KUMAR HARLALKA,
Chairman & Managing Director
RAMESH MISHRA, *Director*
SATYAJIT MISHRA, *Independent Director*
NITIN OZA, *Independent Director*

BANKERS

INDIAN BANK
AXIS BANK

AUDITORS

M/s. BHATTACHARYA SENGUPTA & CO.
Chartered Accountants

COMPLIANCE OFFICER

LOKNATH MISHRA

REGISTERED OFFICE

21, PRINCEP STREET
1ST FLOOR
KOLKATA - 700 072

**REGISTRARS & SHARE
TRANSFER AGENT**

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

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of ADITYA GEARS LTD. will be held at 21, Princep Street, Kolkata - 700 072 on Wednesday, the 29th day of August, 2012 at 03.00 .P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. Ashok Kumar Harlaka, who retires by rotation and being eligible, offers him for reappointment.
3. To appoint M/s. K. M. Tapuria & Co., Chartered Accountants, as Statutory Auditor of the Company, as the present Auditors of the company resigned due to pre-occupation, to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to fix their remuneration.

Special Resolutions

4. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary RESOLUTION:

RESOLVED THAT Mr. Satyajit Mishra, who was appointed an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation.

5. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary RESOLUTION:

RESOLVED THAT Mr. Nitin Oza, who was appointed an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation.

6. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary RESOLUTION:

RESOLVED THAT Mr. Ramesh Mishra, who was appointed an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his

candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retirement by rotation.

7. To consider and if thought fit, to pass with or without modification(s) if any, the following SPECIAL RESOLUTION:

RESOLVED THAT subject to the provisions of the Companies Act, 1956, securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement, Securities and Exchange Board of India (Delisting of Securities Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed with granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company, consent is hereby accorded to the Board to delist the company's equity shares from:

1. The Calcutta Stock Exchange Limited,
2. Jaipur Stock Exchange; and
3. Ahmedabad Stock Exchange Limited

Place : Kolkata
The 20th July, 2012

For and on behalf of the Board
ASHOK KUMAR HARLALKA
Chairman

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll vote instead of him and the proxy need not be a member of the Company. Proxy should reach the registered office of the Company at least 48 hours before the time of the meeting.
2. The Register of Members and share transfer books will remain closed from 20th August 2012 to 24th August 2012 (both days inclusive).
3. Members desiring to seek any information on the annual Accounts/ operations are requested to write to the Company at least Seven days before the date of the meeting so as to enable the management to keep the information ready.
4. Members /Proxies attending the meeting are requested to bring copy of their Annual Report with them in meeting. Entry will be strictly on production of Attendance Slip.
5. All communications relating to shares are to be addressed to the Company or the Company's Share Transfer Agent/ M/s. Maheswari Datamatics Pvt. Ltd, 6, Mangoe Lane, (Surendra Mohan Ghosh Sarani) 2nd Floor Kolkata - 700001.

6. Information required to be furnished under the Listing Agreement.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed/reappointed are given below :

- 1) Name : Mr. Satyajit Mishra
Date of Birth : 11th June 1964
Qualification : FCS
Directorship : 1. Asia HR Technologies Limited
Expertise : Corporate Laws, Corporate Accounts, Acquisition, Merger, takeover and Finance
- 2) Name : Mr. Nitin Oza
Date of Birth : 22nd June 1964
Qualification : Chartered Accountant
Directorship : N.A
Expertise : Corporate Finance, Accounts & Taxation
- 3) Name : Mr. Ramesh Chandra Mishra
Date of Birth : 15th October 1968
Qualification : FCS, LL.B, PGDCA
Directorship : 1. M/s. Sumita Management & Constancy Pvt. Ltd
2. M/s. India Home Loans Limited
3. M/s. Ira Arrna Online Paintings Pvt. Ltd.
4. M/s. Ira Aarna Realty Pvt. Ltd
5. M/s. Ira Aarna Securities Pvt. Ltd.
6. M/s. Red Twigs Consultancy Pvt. Ltd.
Expertise : Corporate Laws, Acquisition, Merger, takeover and Finance

EXPLANATORY STATEMENT PURSUANT TO SUB SECTION (2) OF SECTION 173 OF THE COMPANIES ACT,1956 IN RESPECT OF THE SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE ANNUAL GENERAL MEETING

- 4) Mr. Satyajit Mishra was appointed an Additional Director of the Company on 13th February 2012 by the Board of Directors of the Company as an Independent Director of the Company. According to the provision of the Section 260 of the Companies Act, 1956, he holds office as Director only up to date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr Satyajit Mishra as a Director along with a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

- 5) Mr. Nitin Oza was appointed an Additional Director of the Company on 13th February 2012 by the Board of Directors of the Company as an Independent Director of the Company. According to the provision of the Section 260 of the Companies Act, 1956, he holds office as Director only up to date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr Nitin Oza as a Director along with a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

- 6) Mr. Ramesh Mishra was appointed an Additional Director of the Company on 20th July 2012 by the Board of Directors of the Company. According to the provision of the Section 260 of the Companies Act, 1956, he holds office as Director only up to date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr Ramesh Mishra as a Director along with a deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the directors are concerned or interested in the above said resolution, except, as a member of the Company.

7. Delisting of Shares :

Consequent to the recent rapid changes in the Capital Market and with the availability of Nationwide Trading facility coupled with and extensive Networking of centers on BSE, the Investors have access to online dealings in the Company's equity shares across the Country.

As specified by Securities and Exchange Board of India (SEBI), the Company's equity shares are settled only in dematerialized form by all investors. The Bulk of the trading in the Company's equity shares will be transacted on BSE after revocation of suspension. For the past years there were no trading of the Company's equity shares on ASE, JSE & CSE. The Company believes that the continued listing on such stock exchanges neither serves the interest of the members/ Investors nor that of the Company. The voluntary delisting of the equity shares of the Company will not in any way affect the interest of the shareholders. The said delisting will also contribute to the cost reduction measures of the company.

Place : Kolkata
The 20th July, 2012

For and on behalf of the Board
ASHOK KUMAR HARLALKA
Chairman

DIRECTOR'S REPORT

To The Members
ADITYA GEARS LTD.

Your Directors present the 17th Annual Report of your Company along with the Audited Statement of Accounts for the Financial Year ended March 31, 2012.

FINANCIAL RESULTS

The Financial Results are stated as under :

<u>PARTICULARS</u>	<u>Year Ended 31.03.2012</u> (Rs. in Lacs)
Sales & Operating Income	Nil
Other Income	12.33
Gross Income/ (Loss) before Interest, Depreciation and Taxation	(0.34)
Interest & Finance Charges	(0.01)
Gross Loss after Interest but before Depreciation and Taxation	(0.35)
Depreciation	Nil
Provision for Taxation	Nil
Net Loss	(0.35)

OPERATIONAL PERFORMANCE AND FUTURE OUTLOOK

We are pleased to report that we have undertaken the process of getting the revocation of suspension of the company's share at BSE. We have received the inprinciple approval for revocation of suspension from BSE. The due formalities for relisting are under process and very soon the shares will start trading at BSE.

Going forward the reconstituted board will bring new vision and we will now be able to undertake new venture with renewed vigour and proper ease. The renewed activities will be undertaken after due diligence after reviving the future prospects of the company.

DIVIDEND

Your Directors did not recommend any dividend for the year under review.

EXPORTS

The export markets will be explored as the future opportunities emerges.

CALL MONEY ARREARS

We request the Share Holders to clear the Call Money who have not done so yet. The Company urgently needs Capital at this point to achieve the growth emerging from the forthcoming opportunities.

The Company will now have to initiate forfeiture steps if the money will not come finally.

FINANCE

The Company needs fresh inflow of fund to meet the capital requirement.

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

The following have been appointed w.e.f. 13/02/2012 as Independent and Additional Directors:

1. Mr. S. Basu
2. Mr. Satyajit Mishra
3. Mr. Nitin Oza

On 20th July 2012 Mr. Ramesh Mishra has been appointed Additional Director of the Company, as co-promoter of the Company. Mr. Anant Veer Harlalka , Ms. Sunita Harlalka & Mr. S. Basu resigned on 20th July, 2012 as Director of the Company.

Mr. Ashok Kumar Harlalka whose term as Managing Director comes to an end at the forthcoming AGM of 2012. He has expressed his un-willingness to continue as Managing Director of the company from that date.

DE-LISTING OF THE SHARES

Pursuant to clause 5.2 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, ("Delisting Guidelines") ,the company is in the process of making applications for voluntary delisting of its equity shares from the CalCutta Stock Exchange, Jaipur Stock Exchange & Ahmedabad Stock Exchange .

The Listing of shares will continue at The Stock Exchange , Mumbai, (BSE) who has national presence. The Company already made an application for revocation of suspension of trading at BSE and for connectivity to NSDL & CDSL.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) CONSERVATION OF ENERGY :

The Company continues its policy of encouraging energy conservation measures. The regular review of energy consumption and the systems installed to control utilization of energy is

undertaken.

B) RESEARCH DEVELOPMENT ACTIVITIES :

Continuous efforts are being made to improve reliability and quality through in-house R&D efforts.

C) TECHNOLOGY ABSORPTION :

The Company will equip with technologies from world's leading technology providers.

D) FOREIGN EXCHANGE EARNINGS & OUTGO :

There are no foreign exchange earnings and outgo during the year under review.

AUDITORS

M/s. Bhattacharya Sengupta & Co resigned as Statutory Auditor of the company due to pre-occupation and the Board has re-commended the appointment of M/s. K.M. Tapuriah & Co. as statutory Auditor of the company for the financial year 2012 -13.

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'2012, 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'2012, 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, 2012 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 20th July, 2012

For and on behalf of the Board
ASHOK KUMAR HARLALKA
Chairman

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 as on 31st March, 2012 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	10	Yes	Nil
Smt. Sunita Harlalka	Non-Executive	10	Yes	Nil
Sri Anant Veer Harlalka	Non-Executive	10	Yes	Nil
Sri Nitin Oza w.e.f 13.02.2012	Independent	1	No	Nil
Sri Satyajit Basu w.e.f 13.02.2012	Independent	1	No	Nil
Sri Satyajit Mishra w.e.f 13.02.2012	Independent	1	No	Nil

* Directorship in private limited company is not considered.

Ten Board Meetings were held during the financial year 2011-2012. They were held on 29/04/2011, 31/05/2011, 27/06/2011, 30/06/2011, 12/08/2011, 16/09/2011, 28/10/2011, 03/01/2012, 13/02/2012, 30/03/2012. The maximum time gap between any two meetings was not more than four calendar months.

Mr. Ashok Kumar Haralka who is the Managing Director of the company and his term of appointment come to an end at the forthcoming AGM of 2012. He has not offered himself for re-appointment. His term will automatically come to an end on that date.

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 current Audit Committee of the Company comprises three Directors, who possess knowledge of the corporate finance & accounts.

The constitution of the Audit Committee is as follows :-

1. Mr. Satyajit Basu : Chairman
2. Mr. Satyajit Mishra : Member
3. Mr. Ashok Kumar Harlalka : Member

Mrs. Sunita Harlalka & Mr. Anant Veer Harlalka served in the committee till 21st February, 2012.

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2012, 4 Audit Committee Meetings were held and all the four meeting were attended by standing Chairman.

4. REMUNERATION COMMITTEE**Terms of Reference**

The Managing Director on the Board of the Company, 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 which was fixed in view of the losses of the Company. Remuneration Committee was constituted on 21/02/2012. The constitution of the Remuneration Committee is as follows :-

1. Mr. Nitin Oza : Chairman
2. Mr. Ashok Kumar Harlalka : Member
3. Mr. Satyajit Basu : Member

Details of Remuneration / Sitting Fees paid to all Directors

The Remuneration / Sitting Fees payable to the Executive / Non-Executive Directors for the year 2011-2012 are as under :

<u>Name of the Directors</u>	<u>Remuneration</u>	<u>Sitting Fees</u>	<u>Commission</u>
1. Sri Ashok Kumar Harlalka	60,000	-	-
2. Smt. Sunita Harlalka	-	15,000.00	-
3. Sri Anant Veer Harlalka	-	15,000.00	-

4. Sri Satyajit Basu	-	1,500.00	-
5. Sri Nitin Oza	-	1,500.00	-
6. Sri Satyajit Basu	-	1,500.00	-

5. SHARE HOLDERS COMMITTEE

The present Shareholders Investors Grievance Committee consists of :

1. Mr. Satyajit Mishra : Chairman
2. Mr. Ashok Kumar Harlalka : Member
3. Mr. Satyajit Basu : Member

Smt. Sunita Harlalka served as Chairman of the Committee till 21st February, 2012 before handing over.

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 Grievance. There are no investor Grievance and pending Share Transfers as on 31st March, 2012.

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.

Financial Year	Date	Time
2008-2009	04.09.2009	11.00 A.M.
2009-2010	27.08.2010	11.00 A.M.
2010-2011	16.09.2011	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 some Stock Exchanges are being pending.

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 also been submitted to the Stock Exchanges on which the Company's share are listed. The Quarterly Financial Results are published in The Echo of India and Arthik Lipi for the last four quarters.

9. SHARE HOLDER INFORMATION

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

Annual General Meeting : Date and Time - August 29, 2012 at 3 P.M.

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

Financial Calender**Financial reporting for the quarter ending**

- o June 30, 2012 - End 14th August, 2012
- o September 30, 2012 - End 14th November, 2012
- o December 31, 2012 - End 14th February, 2013
- o March 31, 2013 - End 14th May, 2013

Date of Book Closure : 20th August, 2012 to 24th August, 2012
(both days inclusive).

Dividend Payment Date : Not Applicable

Listing on Stock Exchanges : Kolkata, Mumbai

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, 2012 :

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% Share Holding
1 to 500	265	124400	2.2950
501 to 1,000	1653	1551400	28.6210
1,001 to 2,000	37	49200	0.9077
2,001 to 3,000	35	88800	1.6382
3,001 to 4,000	5	19000	0.3505
4,001 to 5,000	11	54100	0.9981
5,001 to 10,000	53	454700	8.3885
10,001 and above	82	3078900	56.8010
Grand Total	2141	5420500*	100.0000

* Note : 18,82,200 Shares are un-paid.

Share Holding Pattern as on March 31, 2012 :

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
NRIs/Foreign Shareholders	—	—
Public/Others	3381800	62.39
TOTAL	5420500*	100.00

* Note : 18,82,200 Shares are un-paid.

Dematerialisation of Shares

The Dematerialisation of Shares are under process.

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.

MANAGEMENT DISCUSSION ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENT:**

The Company is engaged in manufacturing and marketing of auto parts and equipments, and Company is also the provider of aftermarket auto parts. Company believes that strategy of disintermediating the traditional auto parts supply chain and selling products directly to customers over the Internet allows us to more efficiently deliver products to our customers while generating higher margins. The auto parts industry has witnessed substantial re-organization of capacities during the last couple of years. The auto industry of India has notched up an impressive growth rate in the recent years.

OPPORTUNITIES AND RISKS:

Today's equipments manufacturers are faced with a spectrum of challenges as they strive for consistent quality products while reducing input costs. The fluctuating customer demands, high energy costs, strict environmental limits are few of the threats faced by the Industry. The Company also strives to improve its efficiency levels in all areas of its operations by reducing the costs thereby increasing the profits. There has been a global rise in demand for the auto parts and equipments due to increased activity in automobile Industry. The Company sees great opportunity for the industry to grow as a whole.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company is engaged in manufacturing of auto parts and other equipments. In the financial year ended 2011, the company sold their manufacturing plant due to adverse market condition and is presently exploring new opportunities.

OUTLOOK:

The world's top car makers turn to India for the nuts and bolts of their vehicles. Riding this success and capitalizing on the spiraling demand of domestic auto companies, the Indian automobile components industry has emerged as one of India's fastest growing manufacturing sectors, and a globally competitive one. Its globally competitive component manufacturing sector has been much in demand with global auto majors. A number of them source critical components from India, like engine parts, drive transmission and steering parts, body and chassis, suspensions and breaking parts, equipment, electrical parts and lots more. Around 500 key players dominate the auto components industry in India, which contribute to more than 85% of India's production. As the market consolidates and the global recovery happens the international players would find a renewed appetite for sourcing from India. The launch of many small cars in the price sensitive bracket has already spawned a component manufacturing base. This base would be available source for supply world wide. The past year has been characterized by the following challenges:

- Acute financial squeeze.
- The costs of interests have shot up and liquidity evaporated
- The depreciation of Rupee.
- Commodity prices have eased up after escalating for the first two quarters.

Company too had to deal with the challenges of the rapid change and the new realities as they have emerged. The new reality, which this changed environment presented was sudden. Your Company has been tested during these times and has emerged successful.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company believes in systematic working and placing of proper checks. Proper systems are in place and regular reviews are held at higher levels to check the efficacy and relevance of system. The company has adequate Internal control systems that commensurate with the size of the company. The Company is also continuously upgrading itself to meet the market dynamics.

CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different. Subject to this management disclaimer, this discussion and analysis should be perused.

Place : Kolkata
Date : 20th July, 2012

ASHOK KUMAR HARLALKA
Managing Director

CEO/CFO CERTIFICATION TO THE BOARD

- a. I certify that I have reviewed the financial statements and the cash flow statement for the year 2011 -12 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the companies affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2011-12 which are fraudulent, illegal or violative of the companies code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee -
- Significant changes in internal control over the financial reporting during the year 2011-12;
 - Significant changes in accounting policies during the year 2011-12 and that the same have been disclosed in the notes to the financial statements; and
 - Instances of 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 the financial reporting.

Place : Kolkata
Date : 20th July, 2012

ASHOK KUMAR HARLALKA
Managing Director

DECLARATION

As provided under clause 49 of the listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Employees have affirmed Compliance with the code of conduct for the year ended 31st March 2012.

Place : Kolkata
Date : 20th July, 2012

ASHOK KUMAR HARLALKA
Managing Director

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 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in the Republic of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing agreement) issued by the Institute of Chartered Accountants of India and 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 and representations made by the management, we certify that the Company has complied with all the material conditions 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 31st March, 2012.

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.

Place : 10, Clive Row, 1st Floor,
1st Floor, Kolkata - 700001

Date : The 29th day of June, 2012

For **Bhattacharya Sengupta & Co.**
Chartered Accountants
Firm Reg. No. : 301311E
CA R. K. GUPTA
Partner
Membership No. 061738

AUDITOR'S REPORT

THE THE MEMBERS OF
ADITYA GEARS LIMITED

We have audited the attached Balance Sheet of **ADITYA GEARS LIMITED** as at 31st March, 2012 and also the Profit and 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. 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 provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that :-

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to sub-section(3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) 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 in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (b) in case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : 10, Clive Row, 1st Floor,
1st Floor, Kolkata - 700001

Date : The 29th day of June, 2012

For **Bhattacharya Sengupta & Co.**
Chartered Accountants
Firm Reg. No. : 301311E
CA R. K. GUPTA
Partner
Membership No. 061738

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 thereof)

- i) In respect of its fixed assets :-
 - a) The company is generally maintaining proper records showing full particulars including quantitative details and situation of its Fixed Assets.
 - b) As explained to us, the fixed assets have not been physically verified during the year by the management in accordance with a phase programme of verification adopted by the company. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its business. As informed, no material discrepancies were noticed on such verification.
 - c) The company does not have any fixed assets during the year. However, as per information and explanation provided by the management, the company will continue to be a going concern.
- ii)a) The inventory has not been physically verified during the year by the management as there is no inventory at the end of the year.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) According to the information and explanation given by the management, the company does not have any inventory at the end of the year. The company is maintaining proper records of the inventory. No such discrepancy has been noticed on verification between the physical stocks and the book records.
- iii) The Company has not granted any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

As the company has not granted/taken any loans, secured or unsecured, to/from parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.

- iv) In our opinion and 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 for the purchase of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination, and according to the information and explanations given to us, we have niether come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- v) In our opinion and according to information and explanations given to us and based on the representations by the management, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposit so far up to 31st March 2012.
- vii) In our opinion, the company has no Internal Audit system commensurate with its size and nature of its business. As per the information and explanation given by the management, the company will implement as it grows.
- viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209(1)(d) of the Act, for any of its products.
- ix) Statutory and other dues :-
 - a) According to the information and explanation given to us, the company has outstanding liabilities brought forward from earlier years, in respect of Sales Tax (CST, Bhiwadi) to the extent of Rs. 33,883/- and in respect of Profession Tax to the extent of Rs. 5,890/-. Both the statutory liabilities have been written off by the company during the year under the head 'Liabilities no longer required written off'.
 - b) According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2012 for a period of more than six months from the date they become payable.
 - c) According to the records of the company, there are no dues on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise duty and Cess which have not been deposited on account of any dispute.
- x) The Company has accumulated loss to the extent of Rs. 4,63,06,333/- at the end of the financial year 31/03/2012. The company has incurred cash losses during the financial year covered by our Audit but not immediately preceding financial year.

- xi) According to the records of the company, the company has not defaulted in repayment of dues to a financial institution or bank till 31st March, 2012.
- xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund / Nidhi / Mutual Benefit Fund/ Society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report)[Amendment] Order, 2004 are not applicable to the company.
- xv) The Company has not given guarantees in connection with loan taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purposes for which they were raised.
- xvii) Based on the information and explanation given to us and an overall examination of balance sheet of the company, in our opinion, there are no such funds raised on a short term basis which have been used for long term investment, and vice versa.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place : 10, Clive Row, 1st Floor,
1st Floor, Kolkata - 700001

Date : The 29th day of June, 2012

For **Bhattacharya Sengupta & Co.**
Chartered Accountants
Firm Reg. No. : 301311E
CA R. K. Gupta
Partner
Membership No. 061738

BALANCE SHEET AS AT 31ST MARCH, 2012

	<u>Note</u>	<u>2012</u>	<u>2011</u>
I. EQUITY AND LIABILITIES :			
(1) Shareholders' Funds :			
(a) Share Capital	1	4,01,28,250	4,01,28,250
(b) Reserves and Surplus	2	(4,63,06,333)	(4,62,71,006)
(2) Share application money pending allotment			
		—	—
(3) Non-Current Liabilities :			
(a) Long-term Borrowings	3	—	—
(b) Deferred Tax Liabilities (Net)	4	—	—
(4) Current Liabilities :			
(a) Short-term Borrowings	5	—	—
(b) Trade Payables	6	63,80,548	65,94,991
(c) Other Current Liabilities	7	—	—
(d) Short-term Provisions	8	—	—
Total		<u>2,02,465</u>	<u>4,52,235</u>
II. ASSETS :			
(1) Non-Current Assets :			
(a) Fixed Assets :			
(i) Tangible Assets	9	—	—
(ii) Intangible Assets		—	—
(iii) Capital Work-in-Progress		—	—
(iv) Intangible Assets under development		—	—
(b) Non-Current Investments	10	3,000	3,000
(c) Deferred Tax Assets (Net)	4	—	—
(2) Current Assets :			
(a) Inventories	11	—	—
(b) Trade Receivables	12	—	36,835
(c) Cash and Cash Equivalents	13	1,99,465	4,12,400
(d) Short-term Loans and Advances	14	—	—
(e) Other Current Assets	15	—	—
Total		<u>2,02,465</u>	<u>4,52,235</u>

NOTES ON THE ACCOUNTS 25

The Schedules referred to above form an integral part of the balance sheet.

Place : 10, Clive Row,
1st Floor, Kolkata - 1

Date : The 29th day of June, 2012

As per our report of even date
For Bhattacharya Sengupta & Co.
Firm Reg. No. 301131E
CA R. K. Gupta
Partner

Membership No. 061738

Ashok Kumar Harlalka
Sunita Harlalka
Directors

ADITYA GEARS LTD.

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	<u>Note</u>	<u>2012</u>	<u>2011</u>
I. Revenue from Operations	16	—	1,04,459
II. Other Income	17	12,32,995	1,49,12,659
III. Total Revenue		<u>12,32,995</u>	<u>1,50,17,118</u>
IV. Expenses :			
Cost of Materials consumed	18	—	24,409
Purchase of Stock-in-Trade	19	—	—
Changes in inventories of F.G., W.I.P. & Stock-in-Trade	20	—	1,04,459
Employee Benefits Expense	21	1,77,000	2,60,439
Finance Costs	22	1,405	1,17,31,972
Depreciation and Amortization Expense	23	—	—
Other Expenses	24	10,89,917	61,94,694
Total Expenses		<u>12,68,322</u>	<u>1,83,15,973</u>
V. Profit before Tax		(35,327)	(32,98,855)
VI. Tax Expense :			
(1) Current Tax		—	—
(2) Short Provision		—	20
(3) Deferred Tax		—	—
VII. Profit / (Loss) for the period		(35,327)	(32,98,875)
VIII. Earnings per Equity Share :			
(1) Basic		(0.01)	(0.82)
(2) Diluted		(0.01)	(0.82)

NOTES ON THE ACCOUNTS 25

The Schedules referred to above form an integral part of the balance sheet.

Place : 10, Clive Row,
1st Floor, Kolkata - 1

Date : The 29th day of June, 2012

As per our report of even date
For Bhattacharya Sengupta & Co.
Firm Reg. No. 301131E
CA R. K. Gupta
Partner

Membership No. 061738

Ashok Kumar Harlalka
Sunita Harlalka
Directors

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

	2012	2011
NOTE - 1		
SHARE CAPITAL		
AUTHORISED :		
70,00,000 Equity Shares @ Rs. 10/- each	<u>7,00,00,000</u>	<u>7,00,00,000</u>
ISSUED AND SUBSCRIBED :		
54,20,500 Equity Shares @ Rs. 10/- each (Previous Year 54,20,500 Equity Shares)	<u>5,42,05,000</u>	<u>5,42,05,000</u>
PAID-UP :		
54,20,500 Equity Shares @ Rs. 10/- each (Rs. 1,40,76,750 is due against Allotment & Call Money)	<u>4,01,28,250</u>	<u>4,01,28,250</u>

Share Holding Pattern :	Number of Shares	% of Holding
Issued and Subscribed Equity Shares of Rs. 10/- each	<u>5420500</u>	<u>100%</u>
I. Individual / HUF (Promoter & Promoter Group) :		
Ashok Kr. Harlalka	73700	1.3597%
Pradeep Kr. Sarawagi	12500	0.2306%
Anant Veer Harlalka	9000	0.1660%
Prakash Kr. Sarawagi	6000	0.1107%
Prasun Kr. Sarawagi	5000	0.0922%
Guljari Lal Jain	5000	0.0922%
Sunita Harlalka	2500	0.0461%
Madan Lal Harlalka	100	0.0018%
	<u>113800</u>	<u>2.0994%</u>
II. Bodies Corporate (Promoter & Promoter Group) :		
Ashok Capital Service P. Ltd.	460000	8.4863%
Ashok Autonet Pvt. Ltd.	110000	2.0293%
A. K. Harlalka & Sons (HUF)	60000	1.1069%
Atma Commerce Pvt. Ltd.	50000	0.9224%
Bengal Auto Parts Pvt. Ltd.	40000	0.7379%
Todi Traders & Inv. Pvt. Ltd.	40000	0.7379%

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

	<u>2012</u>	<u>2011</u>
Klassic Dealcom Pvt. Ltd.	30000	0.5535%
Garodia Securities Ltd.	10000	0.1845%
	<u>800000</u>	<u>14.7588%</u>
III. Public holding more than 1% :		
M/s Collien Tie up Pvt. Ltd.	129300	2.3854%
Apex Capital Markets Ltd.	117600	2.1695%
Kusum Chandak	117600	2.1695%
Arya Projects Ltd.	88200	1.6272%
Regent Motors Pvt. Ltd.	88200	1.6272%
Ashika Credit Capital (P) Ltd.	82300	1.5183%
Consortium Enterprises Pvt. Ltd.	58800	1.0848%
Arun Inv. & Commercial Pvt. Ltd.	58800	1.0848%
Amarjyoti Udyog Ltd.	58800	1.0848%
Naresh Chand Chandak	58800	1.0848%
Ashoke Kr. Jhawar	58800	1.0848%
Hari Prasad Todi	58800	1.0848%
Prem Lal Jain	58800	1.0848%
Shiv Shankar Agarwal	58800	1.0848%
	<u>1093600</u>	<u>20.1753%</u>

NOTE - 2

RESERVES AND SURPLUS

General Reserve	—	—
Profit & Loss Account (Upto Last Year)	(4,62,71,006)	(4,29,72,131)
Profit & Loss Account (Current Year)	(35,327)	(32,98,875)
	<u>(4,63,06,333)</u>	<u>(4,62,71,006)</u>

NOTE - 3

LONG-TERM BORROWINGS

—	—
<u>—</u>	<u>—</u>

NOTE - 4

DEFERRED TAX

—	—
<u>—</u>	<u>—</u>

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

	2012	2011
NOTE - 5		
SHORT-TERM BORROWINGS	—	—
	—	—
NOTE - 6		
TRADE PAYABLES		
Sundry Creditors :		
For Goods & Services	14,70,282	40,88,875
For Expenses	49,10,266	25,06,116
	63,80,548	65,94,991
NOTE - 7		
OTHER CURRENT LIABILITIES	—	—
	—	—
NOTE - 8		
SHORT-TERM PROVISIONS		
Income Tax Provisions	—	—
	—	—
NOTE - 9		
FIXED ASSETS		
Fixed Assets	—	—
	—	—
NOTE - 10		
NON-CURRENT INVESTMENTS		
Investment in N.S.C.	3,000	3,000
	3,000	3,000

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2012

	2012	2011
NOTE - 11		
INVENTORIES		
Raw Materials - at Cost	—	—
Work-in-Progress - Estimate Cost	—	—
Finished Goods - at Estimated Cost	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
NOTE - 12		
TRADE RECEIVABLES		
(Unsecured - considered Good)		
Debts due for a period exceeding six months	—	—
Other Debts	—	36,835
	<u>—</u>	<u>36,835</u>
	<u>—</u>	<u>36,835</u>
NOTE - 13		
CASH AND CASH EQUIVALENTS		
Cash Balance on Hand	1,35,169	1,70,667
Bank Balance with Scheduled Banks		
Bank of India , Kolkata	1,940	1,940
Oriental Bank of Commerce, Delhi	5,852	5,852
Indian Bank	9,677	98,493
Axis Bank	46,827	1,35,448
	<u>1,99,465</u>	<u>4,12,400</u>
	<u>1,99,465</u>	<u>4,12,400</u>
NOTE - 14		
SHORT-TERM LOANS AND ADVANCES		
(Advances recoverable in Cash or in kind or for value to be received)		
(Unsecured- Considered Good)	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
NOTE - 15		
OTHER CURRENT ASSETS	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

NOTES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	<u>2012</u>	<u>2011</u>
NOTE - 16		
REVENUE FROM OPERATIONS		
Sales :		
Sales (Export)	—	—
Sales (Domestic)	—	1,04,459
	<u>—</u>	<u>1,04,459</u>
NOTE - 17		
OTHER INCOME		
Liabilities no longer required written off	12,32,995	—
Profit on sale of Fixed assets	—	1,49,12,659
	<u>12,32,995</u>	<u>1,49,12,659</u>
NOTE - 18		
COST OF MATERIALS CONSUMED		
a) Raw Materials :		
Opening Stock of Raw Materials	—	—
Add : Purchases	—	—
	<u>—</u>	<u>—</u>
Less : Closing Stock of Raw Materials	—	—
Raw Materials Consumed	<u>—</u>	<u>—</u>
b) Manufacturing Expenses :		
Manufacturing Expenses	—	10,000
Excise Duty	—	14,409
Manufacturing Expenses	<u>—</u>	<u>24,409</u>
Cost of Materials Consumed	<u>—</u>	<u>24,409</u>
Total	<u>—</u>	<u>24,409</u>

NOTES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	<u>2012</u>	<u>2011</u>
NOTE - 19		
PURCHASE OF STOCK-IN-TRADE		
Purchase of Stock-in-Trade	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
NOTE - 20		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WOR-IN-PROGRESS		
Opening Stock :		
Work-in-Progress	—	—
Finished Goods (Stores)	—	1,04,459
	—	1,04,459
Closing Stock :		
Work-in-Progress	—	—
Finished Goods (Stores)	—	—
	—	—
(Increase)/Decrease of Stock	<u>—</u>	<u>1,04,459</u>
NOTE - 21		
EMPLOYEE BENEFITS EXPENSE		
Directors' Remuneration	94,500	82,500
Staff Salary & Bonus	82,500	—
Workmen & Staff Welfare	—	—
Wages Contract	—	—
Bonus	—	—
Contribution to Provident Fund	—	1,77,939
	<u>1,77,000</u>	<u>2,60,439</u>

NOTES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	<u>2012</u>	<u>2011</u>
NOTE - 22		
FINANCE COSTS		
Bank Charges & Commission	1,405	4,047
Bank Interest	—	1,17,27,925
	<u>1,405</u>	<u>1,17,31,972</u>
NOTE - 23		
DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	—	—
Miscellaneous Expenditure w/off	—	—
	<u>—</u>	<u>—</u>
NOTE - 24		
OTHER EXPENSES		
Accounting Charges	—	—
Travelling & Conveyance	56,910	12,437
Printing & Stationery	5,033	—
Rent, Rates & Taxes	26,400	8,11,684
Freight & Forwarding	—	761
General Charges	38,317	26,853
Auditors' Remuneration	8,427	8,273
Listing Fees	3,60,687	35,847
Re-Listing Fees	4,57,745	—
Professional Charges	53,030	16,030
Shareholders' Expenses	43,850	33,150
Advertisement & Publicity	3,828	2,904
Statutory Charges	4,510	3,057
Preliminary Expenses W/Off	—	3,79,147
Postage & Stamps	8,328	7,610
Telephone Charges	1,877	2,251
Repair & Maintenance - Others	9,800	—
Bad Debts	—	48,47,170
Electrical Expenses	4,675	5,020
Filing Fees	6,500	2,500
	<u>10,89,917</u>	<u>61,94,694</u>

NOTE - 25

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2012****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 :-

The company does not have any fixed asset during the year. The fixed assets were being stated at cost less accumulated depreciation.

3. Depreciation :-

Depreciation on all fixed assets was 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)

There is no Inventory as at the end of the year.

6. Sales :-

The Company recognizes sale of goods on the dispatch 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 :-

No interest has been provided during the year.

8. Retirement Benefit :-

The Company does not provide any retirement benefits during the year.

9. 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 dispatched and unavailed duty is carried over as advance.

10. Deferred Revenue Expenditure :-

The company does not have any deferred revenue expenditure during the year. Preliminary Expenses and Public Issue Expenses are written off over a period of 10 years.

11. Director's Remuneration :-

Rs. 94,500/- has been paid to the Managing Director and other Director which is yearly remuneration/sitting fees paid as per Schedule XIII of the Companies Act, 1956 which are within limits of Companies Act, 1956.

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

13. Additional information pursuant to the provision of the paragraphs 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 and Quantity :-

Description	Opening Stock		Sales at Cost		Closing Stock	
	Qty. in Nos.	Value	Qty. in Nos.	Value	Qty. in Nos.	Value
Finished Goods (Gears)	Nil	Nil	Nil	Nil	Nil	Nil

B) Particulars of Raw Materials consumed :-

Description	Qnt. in No.	Value
Forging	NIL	NIL

C) Particulars of capacity utilisation :-

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

** (The above are certified by the management)

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

15. The following Statutory Expenses were outstanding for more than six months while they become payable and carried forward from earlier years, viz. CST (Bhiwadi) amounting to Rs. 33,883/- and Profession Tax amounting to Rs. 5,890/-. These have been written off as "Liabilities no longer required written off" during the year.

16. Professional Tax :

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

17. Related Party Disclosures as per Accounting Standard - 18 :-**a) Name of Related Parties**

Associate Companies	Ashok Agencies Pvt. Ltd.
	Ashok Autonet Pvt. Ltd.

b) List of Directors & Changes therein :-

Ashok Harlalka	Chairman / Managing Director	
Sunita Harlalka	Director	
Anant Veer Harlalka	Director	
Satyajit Basu	Independent Director	Appointed on 13/02/2012
Satyajit Mishra	Independent Director	
Nitin Oza	Independent Director	

c) Transaction with Related Parties for the year ended 31.03.2012 :

	Associates
Telephone Expenses	Rs. 1,877.00
Electricity	Rs. 4,675.00
Rent	Rs. 26,400.00
Paid to Ashok Agencies Pvt. Ltd. (against outstanding)	Rs. 1,68,352.00
Paid to Ashok Autonet Pvt. Ltd. (against outstanding)	Rs. 8,61,099.20

d) Transaction with Directors for the year ended 31.03.2012 :

Remuneration to Managing Director	Rs. 60,000.00
Remuneration/Sitting Fees to other Directors	Rs. 34,500.00
Paid on account of Director Outstanding	Rs. 1,47,000.00

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

	<u>31-3-2012</u>	<u>31-3-2011</u>
Loss as per P/L Account	Rs. 35,327.00	Rs. 32,98,855.00
Weighted No. of Equity Shares o/s during the year	4012850	4012850
Basic and Diluted EPS	(0.01)	(0.82)

19. Previous years figures have been re-grouped & re-arranged wherever felt necessary.

Place : 10, Clive Row,
1st Floor, Kolkata - 1

Date : The 29th day of June, 2012

As per our report of even date
For Bhattacharya Sengupta & Co.
Firm Reg. No. 301131E
CA R. K. Gupta
Partner

Membership No. 061738

Ashok Kumar Harlalka
Sunita Harlalka
Directors

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 No.	73555
State Code	21
Balance Sheet Date	31-03-2012
II. Capital raised during the year (Amount in Thousands)	
Public Issue	NIL
Right Issue	NIL
Private Placement / Others	NIL
Bonus Issue	NIL
III. Position of Mobilisation and Deployment of Fund (Amount in Thousands)	
Total Liabilities	46,508.80
Total Assets	46,508.80
Sources of Funds	
Paid up Capital	40,128.25
Reserves & Surplus	Nil
Deferred Tax Liability	Nil
Secured Loans	Nil
Unsecured Loans	Nil
Application of Funds	
Net Fixed Assets	Nil
Investments	3.00
Net Current Assets	(6,181.08)
Miscellaneous Expenditure	Nil
Accumulated Losses	46,306.33
Deferred Tax Assets	Nil
IV. Performance of Company (Amount in Thousands)	
Turnover	1,232.99
Total Expenditure	1,268.32
Profit Before Tax	(35.33)
Profit After Tax	(35.33)
Earning per Shares (in Rs.)	(0.01)
Dividend Rate %	Nil
V. Generic Name of Principal Products/Services of the Company (As per Monetary Terms)	
Item Code No. (ITC Code)	8483
Product Description: (To Be Manufactured)	Transmission Gear Shaft and Crown Wheel Pinions Bevel Pinions

For and on behalf of the Board of
ADITYA GEARS LTD.**Ashok Kumar Harlalka**
Director

Dated : The 29th day of June, 2012

ADITYA GEARS LTD.

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CASH FLOW STATEMENT AS AT 31ST MARCH, 2012

	<u>2012</u>	<u>2011</u>
A. Cash Flow arising from Operating Activities :		
Net Profit/Loss after Tax	(35,327)	(32,98,875)
Less : Transferred from General Reserve	—	—
Add back : a) Depreciation	—	—
b) Interest and Finance Charges	—	1,17,27,925
Operating Profit before Working Capital Changes :	<u>(35,327)</u>	<u>84,29,050</u>
Add : a) Decrease in Trade & Other Recievables	36,835	53,72,247
b) Decrease in Trade Payables	(2,14,443)	(41,31,209)
c) Decrease in Inventory	—	1,04,459
	<u>(1,77,608)</u>	<u>13,45,497</u>
Cash Inflow/Outflow from Operating Activities (A)	<u>(2,12,935)</u>	<u>97,74,547</u>
B. Cash Flow arising from Investing Activities :		
a) Fixed Assets Sold / Capital W.I.P write off	—	2,44,87,341
b) Decrease in Misc. Expenditure	—	3,79,147
Cash Inflow / Outflow from Investing Activities (B)	<u>—</u>	<u>2,48,66,488</u>
C. Cash Flow arising from Financing Activities :		
Interest on Secured Loan	—	(1,17,27,925)
Net Cash (Outflow) in payment of Secured Loan	—	(2,47,59,455)
Cash Inflow / Outflow from Financing Activities (C)	<u>—</u>	<u>(3,64,87,380)</u>
Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)	(2,12,935)	(18,46,345)
Add : Balance at the begining of the year	4,12,400	22,58,745
Cash/Cash Equivalents at the end of the year	1,99,465	4,12,400

Place : 10, Clive Row,
1st Floor, Kolkata - 1

Date : The 29th day of June, 2012

As per our report of even date
For Bhattacharya Sengupta & Co.
Firm Reg. No. 301131E
CA R. K. Gupta
Partner

Membership No. 061738

Ashok Kumar Harlalka
Sunita 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 17th Annual General Meeting of the Company to be held on Wednesday, the 29th day of August, 2012 at 3 p.m. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012.

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.

ADITYA GEARS LTD.

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

17TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

DATE	VENUE	TIME
29th August, 2012	21, Princep Street, 1st Floor, Kolkata-700 072	3.00 P.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.



ADITYA GEARS LTD.

**ANNUAL REPORT
2011 - 2012**

BOOK POST

If undelivered please return to :

ADITYA GEARS LIMITED
21, PRINCEP STREET, 1ST FLOOR
KOLKATA - 700 072