

# PREPARING

Akar Tools Limited | Annual report, 2009-10

## Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans' 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise



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Preparing for the boom ahead. Preparing to enhance our scale. **Preparing to grow our revenues.** Preparing to strengthen our value chain. **Preparing to make a big leap.** Preparing to enhance our competitiveness. **Preparing for a wider international presence.** Preparing for longstanding customer relationships. **Preparing to enhance shareholder value.**

A motorist in Detroit fishes out a box of precision engineered hand tools while attending to minor repairs.

A bus owner in India uses dependable auto leaf springs in reinforcing vehicle safety.

An international client needs competitive parabolic springs from an Indian vendor.

A reputable Indian automotive brand needs specialised automotive forgings.

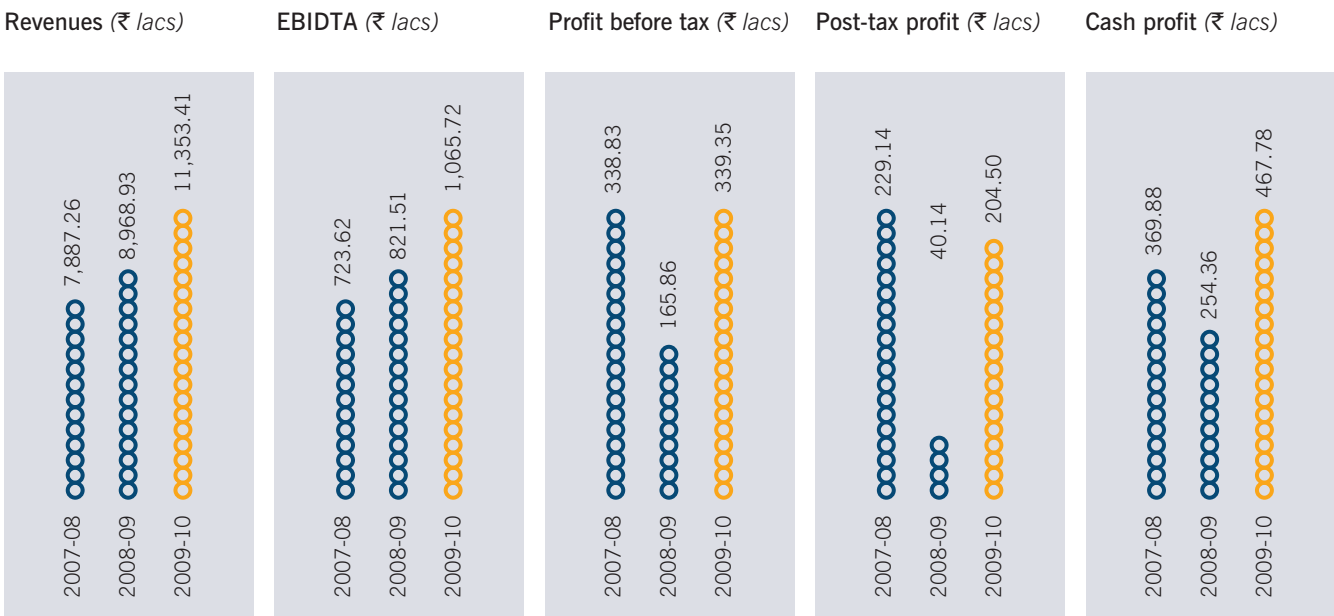
All four products are derived from a reputable Indian manufacturer.

Akar Tools Limited.

Akar Tools Limited (ATL) is engaged in the manufacture and marketing of precision engineered hand tools, auto leaf springs and forgings. The Company manufactures and exports high-quality precision engineered hand tools marketed in Europe, USA, Japan, Australia and other countries. Its products comprise wrenches, striking tools, carpenter tools, electronic tools and auto leaf springs. The Company is certified for ISO 9001:2000.

<b>Products</b> <ul style="list-style-type: none"><li>Spanners/wrenches</li><li>Carpenter/striking tools</li><li>Automotive/construction tools</li><li>Electrical/electronic tools</li><li>Tool aprons</li><li>Parabolic springs</li></ul>	<ul style="list-style-type: none"><li>Leaf springs</li><li>Automotive forgings</li></ul> <b>Location</b> <ul style="list-style-type: none"><li>Headquartered in Aurangabad, Maharashtra</li><li>Four manufacturing units in Aurangabad (two in Waluj, one in Chitegaon and one in Chikalthana)</li></ul>	<b>Employee strength</b> <p>Akar Tools has a dedicated workforce of over 400 personnel manufacturing technologically advanced hand tool products.</p>
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Key performance indicators



## Clientele

### Domestic

- Bajaj Auto Ltd
- Kirloskar Oil Engines Ltd
- Greaves Cotton Ltd
- Piaggio Vehicles Pvt. Ltd
- Mahindra & Mahindra Ltd
- P.M.Diesels Pvt. Ltd
- Maruti Enterprises
- Shreenath Agencies

- Tool Tech
- Tyebally Dawoodjee
- Jameel Traders
- MSRTC, KSRTC AND TNSRTC.

## Listing

Akar Tools is listed on the Bombay Stock Exchange and enjoyed a market capitalisation of ₹ 1,500 lacs as on March 31, 2010

## Quality

Akar Tools' quality commitment is manifested in the GS certification from TUV (Rheinland) Safety GmbH (Germany) for its spanners as well as other citations, awards and certificates.

## Assets

Units	Range	Capacity
I	Hand tools (export)	2,400 MTPA
II	Hand tools and automotive commercial forgings	2,400 MTPA
III	Parabolic springs	14,400 MTPA
IV	Leaf springs	5,400 MTPA

## Highlights, 2009-10

- Gross revenue stood at ₹ 11,353.41 lacs compared with ₹ 8,968.93 lacs in 2008-09
- EBIDTA stood at ₹ 1,065.72 lacs compared with ₹ 821.51 lacs in 2008-09
- Post-tax profit stood at ₹ 204.50 lacs compared with ₹ 40.14 lacs

in 2008-09

- Cash profit stood at ₹ 467.78 lacs compared with ₹ 254.36 lacs in 2008-09
- Earnings per share stood at ₹ 3.79 compared to ₹ 0.74 in 2008-09

## Marketing

- Retained its position as the largest

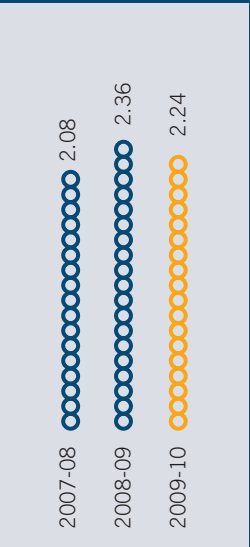
exporter of hand tools in India

- International presence across more than 30 countries

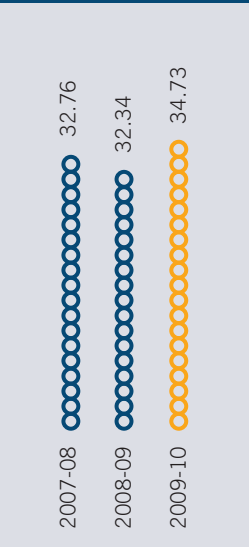
## People

- Employee base, the core asset of the Company, increased 2%
- Revenue per employee increased 24%

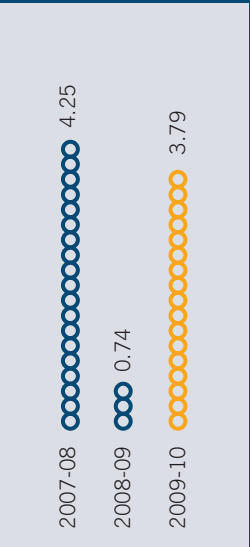
### Debt-equity ratio



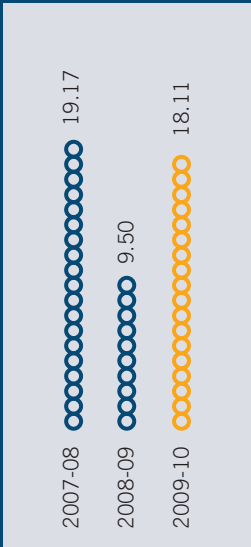
### Book value per share (₹)



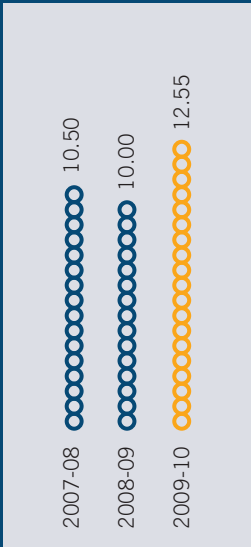
### Earnings per share (₹)



### Return on net worth (%)



### Return on capital employed (%)



## Preparing. By enhancing shareholder value.

In 2008-09, we commissioned capacities for the manufacture of commercial automotive forgings and parabolic springs through internal accruals and debt. This diversification was intended to widen our sectoral relevance among specialised automotive component manufacturers and the replacement automotive segment.

The year 2009-10 was the first full year of commercial production of the expanded capacity. The Company reported a 26.58% growth in revenues and is attractively positioned to enhance capacity utilisation of parabolic leaf spring from 28% in 2009-10 to an estimated 70% in 2010-11 and to utilise its

fullest capacity in the other units. This is expected to raise the Company's revenue from ₹ 11,353.41 lacs in 2009-10 to an estimated ₹ 15,000 lacs in 2010-11.

This growth possibility is already evident. During the first quarter of 2010-11, the Company reported a 39% increase in revenues over the corresponding period of the previous year and a 30% increase in the pre-tax profit over the corresponding period of the previous year.

Based on this unfolding reality, the Company's share price strengthened from ₹ 31 to ₹ 71 in July 2010, enhancing value for shareholders.

## Preparing. By moving from commodity to niche.

Over the years, Akar Tools extended from hand tools to value-added products like parabolic springs, automotive forgings and leaf springs.

This helped strengthen the business model, enhance revenues, reinforce margins, enrich customers (through OEM registrations) and enhance the corporate brand.

The Company will evolve beyond its positioning as a hand tool manufacturer to a value-added manufacturer of forged products.

The value-addition, when combined with high asset utilisation, will translate into higher margins and profits, enhancing wealth in the hands of those who own shares in the Company.

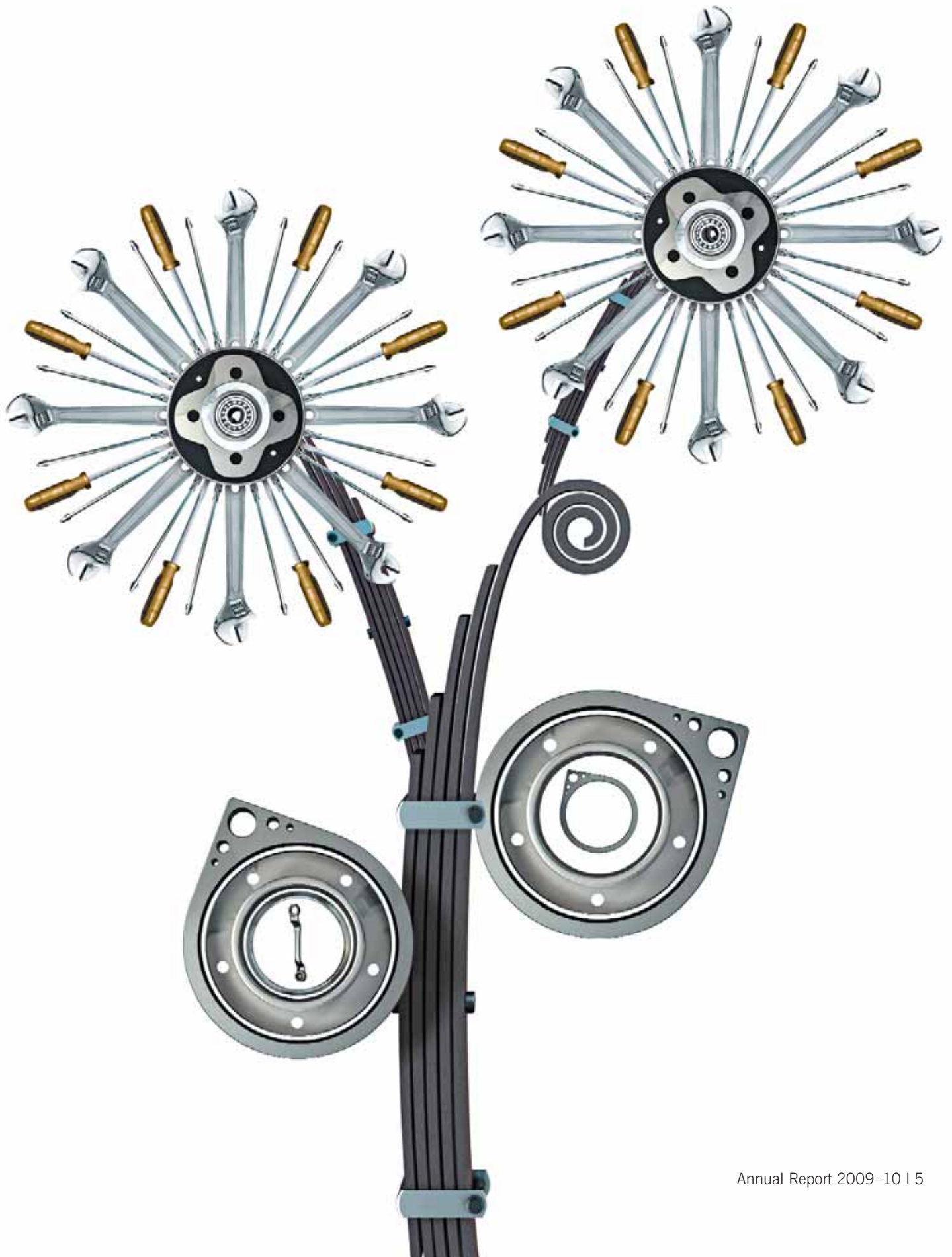
## Preparing. By leveraging the benefit of integration.

Over the years, the one big advantage of Akar Tools has been its ability to source alloys steel from the proximate Group company, RL Steels.

Over the last few years, RL Steels increased its installed capacity periodically, enhancing the availability of raw material for Akar Tools. In turn, this assured availability encouraged Akar

Tools to explore larger production volumes. Besides, this integration provided Akar Tools with an added advantage in terms of timely raw material procurement at lower costs and consistent high quality, translating into superior end product quality.





## Chairman's review



**“We are extending into value-added segments that will propel our turnover to a new high in 2011-12, enhancing shareholder value in an attractive way.”**

### Were you happy with the performance of the Company in 2009-10?

The Company emerged safely from the recession in 2008-09 with revenues of ₹ 5,289.59 lacs during the first two quarters of the 2009-10, up 10% over the previous year's corresponding figures. We are happy to report that we sustained the momentum with sales of ₹ 6,063.82 lacs during the last two quarters of 2009-10. The big picture is that our 2009-10 sales picked up 26.58% to ₹ 11,353.41 lacs and profit after tax increased 409% to ₹ 204.50 lacs. The big message to our shareholders is that our performance during the year under review represented a picture of consolidation and a foundation on which we expect to grow our business across the foreseeable future.

### To what factors would you attribute the growth of 2009-10?

Our production tonnage increased from 9,014.11 tonnes in 2008-09 to 12,009.77 tonnes in 2009-10 following capacity enhancements in our parabolic and forgings units. On the other hand, affordable prices of steel and nickel helped us strengthen and reduce our working capital outlay. The result was that our EBIDTA grew 30% to ₹ 1,065.72 lacs in 2009-10 and corresponding margin improved 23 bps.

### What were some the highlights of your performance in 2009-10?

- We reported fair capacity utilisation at our third unit, which commenced

operations in the last quarter of 2008-09. The result was that we enhanced revenues from ₹ 320 lacs in 2008-09 to ₹ 2,100 lacs in 2009-10 from this unit, translating into enhanced profits.

- We registered a 34% growth in the combined sales of unit 3 and unit 4 to ₹ 4,358.05 lacs in 2009-10.
- We progressively moved from Tier II clients to the Tier I category.
- We registered a 22% growth in the combined sales of unit 1 and unit 2 to ₹ 6,995.37 lacs in 2009-10.

### What developments in the customer industry are favourable for your business growth?

We are shifting our focus from B category customers to the A category like OEMs (Tata Motors, Ashok Leyland) and big retailers. Our registration among these OEMs is expected to be completed by the end of this year and once supplies commence, should help us generate higher margins as a larger quantity of value-added products is expected to be sold.

### How is the Company placed to grow its business?

We are integrated backwards into the manufacture of alloy steel in RL Steels, our Group company. We expect to leverage the availability of superior raw material to evolve from a hand tools company into an engineered steel organisation manufacturing automotive forgings and machined steel. In this respect, we have some positive developments to report: a new leaf springs

customer in Egypt is expected to provide revenue visibility for the next nine months. As a result, the evolving character of the organisation is becoming visible: from mid-value to high-value and from low order book to a high order book.

### What has the Company achieved in 2010-11, which it will build on in the later part of the year?

- The Company is already engaged in making an inorganic addition to its business. It acquired an automotive commercial forgings company with strong OEM clients but is suffering on account of poor working capital availability. This acquisition will orient the character of our Company towards the value-added segment of the automotive industry.
- There was an approximately 39% jump in sales in the first quarter of 2010-11 compared with the first quarter of the year under review, which augurs well for our performance for the rest of the year.

### How does the Company expect to enrich shareholder value?

Through a number of initiatives. The Company expects to graduate to the value-added end across its various product segments, acquire assets cheap, maximise asset utilisation, shrink project costs, graduate towards lower gearing and generate adequate resources for reinvestment. The sum of these initiatives is expected to translate into revenues of ₹ 15,000 lacs in 2010-11. We will reach a new high in 2011-12 (following the completion of our proposed acquisition).



## What was the rationale behind the acquisition of the forgings company in Pune?

The proposed forging company suffered from a dearth of working capital, affecting the supply of products to its OEM clients. We recognised an opportunity: we engaged in acquiring this company, infusing working capital and leveraging our Group competence to turn the company around. The acquisition is a value buy as the investment is nil. The company had more liabilities than assets on its books and we are infusing working capital to resume product supply to OEM clients.



## Our strengths

### Group synergy

Akar Tools represents value-added forward integration to the alloy steel manufactured by Group company RL Steels. The scrap generated from hand tool manufacture is sold by Akar Tools to RL Steels.

### Technology

Akar Tools employs cutting-edge technology through CNC machines, polishing machines, vibrators and other sophisticated equipment to manufacture quality hand tools.

### International presence

Akar Tools' customer profile comprises domestic OEMs like Ashok Leyland and users in Egypt, North America and Europe, among others.

### Quality

Akar Tools products address stringent ANSI and DIN quality standards.

### Diversified portfolio

Akar Tools' businesses – hand tools, parabolic springs, leaf springs and automotive forgings – provide a range of products.

### Brand

Akar Tools is a future-ready company with a growing exposure to forgings.

### Niche

Akar Tools is a major global producer of precision engineered hand tools, possessing a wide product basket. It is one of the few spring steel manufacturers in the Marathwada region of Maharashtra, approved by All India State Road Transport Undertaking for the procurement of leaf springs.

### Human capital

Akar Tools comprises 416 technically qualified workers, its human capital.

### Competitive

Akar Tools is one of the most competitive spanner manufacturers in the world with one of the largest dedicated global spanner capacities.

Business segment review

Hand tools

Ranking: 1  
Revenue, 2009-10: ₹ 3,630.32 lacs  
Proportion of Company's revenue, 2009-10: 31.97%  
Revenue growth: 19%



Overview

Hand tools are non-powered tools designed for use in do-it-yourself (DIY) projects like home repairs, general maintenance, woodworking, building, mechanics and gardening.

They are used by householders and professionals (carpenters, plumbers, craftsmen, toolmakers, etc). The products comprise spanners, wrenches, striking tools, pliers and screw drivers, among others. These are used in multiple applications.

The unit (installed capacity 2,400

MTPA) manufactures precision engineered hand tools catering to growing export markets.

Highlights, 2009-10

- The unit reported an increase in revenue from ₹ 3,060.96 lacs in 2008-09 to ₹ 3,630.32 lacs.
- The unit's exports accounted for a significant 89% of its total revenue.
- The unit achieved a capacity utilisation of 64%.
- The unit exported around 85% of its production to the US and the rest to Japan, Australia and Europe.

Strengths

- **Range:** The unit addresses a wide range of multi-order spanners.
- **Capacity:** The unit possesses India's largest capacity for hand tools dedicated to the US market.
- **Rich relationships:** The unit enjoys long-standing relationships with large US retail brands.

Road ahead

The unit is expected to maintain its capacity utilisation at 100%, generating estimated revenues of ₹ 4,000 lacs in 2010-11.



Hand tools (domestic) and automotive forgings

Ranking: 2  
Revenue, 2009-10: ₹ 3,365.04 lacs  
Proportion of Company's total revenue, 2009-10: 29.63%  
Revenue growth: 26%

Overview

Automotive forgings are intermediate products used widely by original equipment manufacturers (OEMs). They range in size from less than an ounce to more than 150 tonnes and are found in machines, vehicles and equipment used to generate our industrial economy.

The unit was established in December 2008 (installed capacity 2,400 MTPA) to manufacture hand tools and automotive commercial forgings to service India's growing consumption.

Highlights, 2009-10

- The unit reported a revenue of ₹ 3,365.04 lacs, an increase of 29.63% over the previous year.
- The unit also generated sales by outsourcing few items from others.
- The unit enriched its product mix from hand tools to automotive commercial forgings.
- The unit imported specialised forging technology from Germany

Strengths

- **Extensive dealer network:** The unit has around 200 pan-Indian dealers

distributing its products.

- **Diversified portfolio:** The unit offers a range of products including steel vices, pliers and screw drivers, among others.
- **Customer registrations:** The unit is registered with 10 OEMs including Bajaj Auto, M&M, Escorts, Ashok Leyland and Kirloskar, among others.

Road ahead

The unit expects to enhance revenues by 50% to ₹ 5,000 lacs in 2011-12 following higher capacity utilisation and the acquisition of an automotive forgings unit in 2010-11.

# Parabolic springs

Ranking: 3

Revenue, 2009-10: ₹ 2,233.20 lacs

Proportion of Company's total revenue, 2009-10: 19.67%

Revenue growth: 598%



## Overview

Parabolic springs are light-weight springs used in automobiles to deliver better shock absorbing capabilities and facilitate smooth running.

The unit was established in the year 2007-08 (installed capacity 14,400 MTPA) to cater to global replacement markets and began commercial production in the year 2008-09.

## Highlights, 2009-10

- The unit reported an increase in revenue from ₹ 320 lacs in 2008-09 to ₹ 2,233.20 lacs following enhanced capacity utilisation of 28%.

## Strengths

- **Capacity:** The unit possesses a large capacity to meet growing demand.
- **Low logistic costs:** The unit enjoys timely and quality raw material supply at

lower logistic cost from the captive Group steel plant.

- **Exports:** The unit reported exports (60% of overall exports).

## Road ahead

The unit is expected to generate revenues of ₹ 3,500 lacs in 2010-11 following higher capacity utilisation.



# Leaf springs

Ranking: 4

Revenue, 2009-10: ₹ 2,124.84 lacs

Proportion of Company's total revenue, 2009-10: 18.71%

Revenue growth: (27)%

## Overview

Leaf springs are heavy-weight springs – used by public transportation companies – with shock absorbing power that ensures smooth running. The unit (installed capacity 5,400 MTPA) manufactures auto leaf springs supplied to state roadways transport corporations.

This unit was established in 1984 (installed capacity 5,400 MTPA) to

manufacture leaf springs for the government road transportation segment.

## Highlights, 2009-10

- The unit reported revenues of ₹ 2,124.84 lacs.

## Strengths

- **Low cost:** The unit enjoys the advantages of its brand established in the market and low overheads.

- **Customer focus:** The unit caters to a large customer type (ie. state transport departments of Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh) leading to dedicated service, efficiency and customer satisfaction.

## Road ahead

The unit aims to achieve revenues of ₹ 2,500 lacs in 2010-11.

# Exciting industry opportunities

## Indian economy

Although 2009 started on a gloomy note, the trend reversed from the first quarter of the year when financial markets posted strong gains, fuelled by large capital inflows. Also, to prop up economic growth during the recession, the Indian government announced a stimulus package of over USD 100 billion. The Indian economy grew 7.40% in 2009-10 as against 6.70% in the previous year. Going ahead, India's GDP is expected to quadruple across the next ten years (source: Edelweiss Capital), emerging as a USD 4 trillion economy by 2020 and overtaking China to become the world's fastest growing economy by 2018 (Economist Intelligence Unit).

## Hand tool industry

Hand tools comprise spades, shovels and mattocks, among others, used in agriculture; hand saws, files, rasps and pliers among others; pipe cutters; spanners and wrenches; wood working, watch-making and goldsmith tools; vices and clamps; anvils; tools for turning, milling, grinding and sharp edged tools, among others.

The offtake of hand tools depends on price, supply chain, product quality, design and service. Hand tools are used in households (DIY) and among professionals (e.g. carpenters, plumbers, craftsmen and toolmakers, among others).

## Industry features

- There are an estimated 2,500 small scale units in India, around 350 concentrated in Jalandhar and Nagaur and more than 100 units in Ludhiana.
- The sector (total investment of about ₹ 5,000 million) employs an estimated 25,000 workers.
- Of the total global market of more than USD 10 billion, India's share is more than ₹ 5 billion on account of labour intensiveness.

## Indian forgings industry

The total production of forgings for 2007-08 was 1.20 million tonnes. Due to recessionary impact in 2008-09, forging production declined to 1.05 MT. However, the Indian forging industry posted a recovery with a production of almost 1.80 MT in 2009-10.

India enjoys a 30% cost advantage in the manufacture of forgings over western counterparts. The wage cost in the Indian forging industry is less than 9% of sales compared with the US cost which is four times higher. The Investment Commission set a target of attracting foreign investment worth USD 5 billion in the next seven years to increase India's share in the global auto components market from 0.90% to 2.50% by 2015, which is expected to have a trickle down effect in the growth of the country's automotive forgings and hand tool segments as well.

The liberalisation of the automobile industry resulted in greater industry opportunities. New generation cars require better quality forgings. The automobile industry clocked a production of over 14 million vehicles in 2009-10, over 25% higher than the previous year's production, which will catalyse the growth of the Indian forging industry. It is estimated that the export of forged auto components will exceed USD 3.75 billion by 2015.

The approximate consumption of forgings in various segments of India's automobile industry is shown below:

Segment	Consumption (Kg)	Parts
HCV	400-450	60-70
LCV	300-325	60-70
Tractors	300-350	60-70
Two wheelers	25-30	50
Passenger cars	50	60-70

## Domestic sales

SEGMENT	2008-09	2009-10	Growth (%)
Passenger vehicles	15,52,703	19,49,776	25.62
Commercial vehicles	3,84,194	5,31,395	38.31
Three wheelers	3,49,727	4,40,368	25.91
Two wheelers	74,37,619	93,71,231	25.99
Total	97,24,243	1,22,92,770	26.42

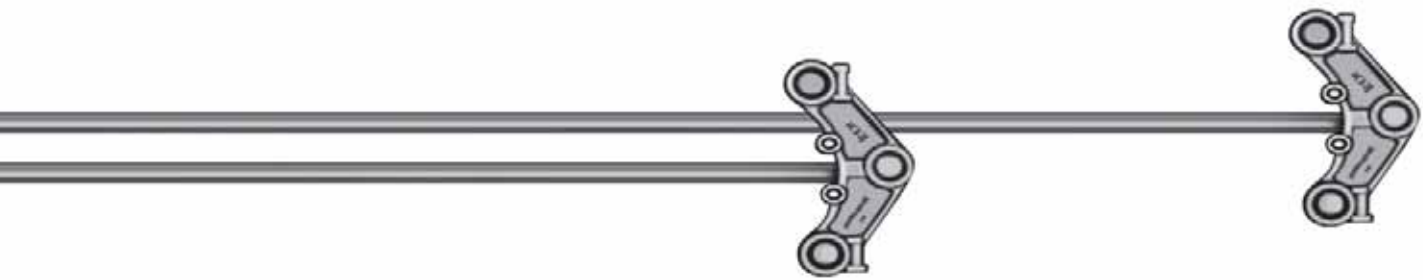
Source: Siam

## User industries

### Automobile industry

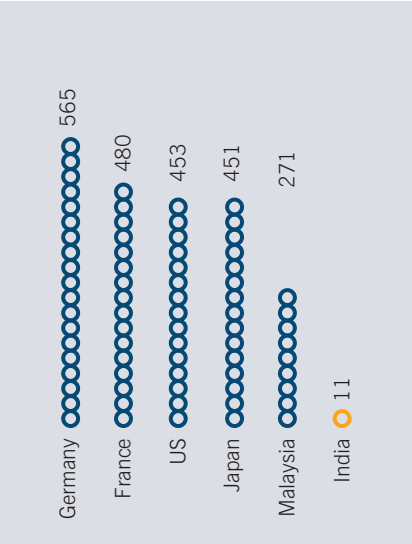
The buoyant automobile industry in India is set to register a growth rate in the low double-digits in 2010-11, primarily due to the high base effect of 2009-10. Sustainable economic growth and higher disposable income will be the main growth drivers (10-14% in 2010-11 vis-à-vis 26.40% growth in 2009-10).

**Exports:** During 2009-10, overall automobile exports registered a positive growth of 17.90%. During this period, passenger vehicles, commercial vehicles, three wheelers and two wheelers segments grew 32.89%, 5.59%, 17.03% and 13.54%, respectively.

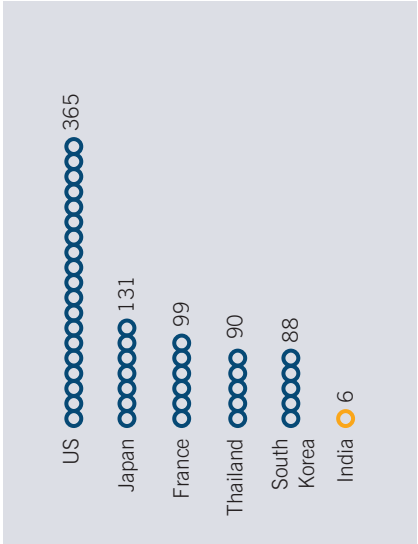


**Low vehicle penetration:** India's low passenger vehicle and two wheeler penetration per 1,000 people at 11 and 66 represent attractive opportunities. This mismatch is expected to correct as disposable incomes rise in India.

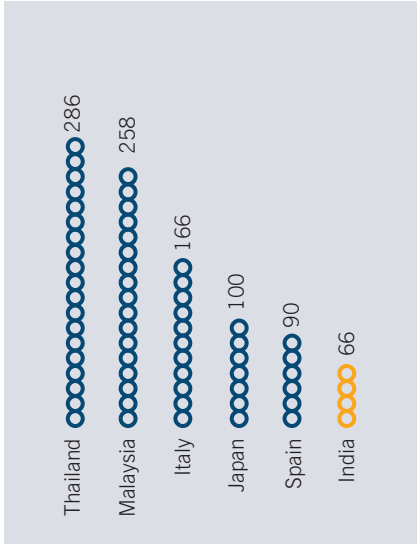
Passenger vehicle penetration  
(per 1,000 people)



Passenger vehicle penetration  
(per 1,000 people)



Passenger vehicle penetration  
(per 1,000 people)



## A case for the bullishness of the automobile industry in India

### Product development capabilities

- India is an emerging global manufacturing hub for low-cost compact cars.

### Growing domestic demand

- Changing demographics, rising disposable income and entry of several new players has expanded the domestic market for passenger vehicles.
- Low manufacturing costs due to economies of scale and low R&D and sourcing costs, are increasing affordability and driving domestic demand.

### Availability of skilled manpower

- In India, 0.40 million engineers graduate every year.

- Seven million people enter the Indian workforce every year.
- Cost of an entry-level engineer is about USD 8,000.
- Cost of engineering talent in India is 45% lower than that in the US.

### Proximity to emerging markets

- Proximity to emerging markets such as Asia and Africa
- Shipments to Europe from India are more cost effective than those from Brazil and Thailand

### High quality standards

- Eleven Indian component manufacturers have won the Deming award for quality.
- Most of India's leading component manufacturers are QS-ISO certified.

### Export potential

- Increased sourcing from low-cost countries
- Total value of domestic vehicle exports is estimated to reach USD 8 billion to USD 10 billion by 2015

### Investment

- The Indian automobile industry expects to invest up to ₹ 8,000,000 lacs in fresh capacity in the coming four years.
- Passenger car capacity is set to rise to 57 lakh units by 2015 (according to Ernst & Young)
- Total commercial vehicle sales are estimated to grow to 664,000 units in 2010-11
- Medium and heavy commercial vehicle (M&HCV) segment offtake would be about 306,000 units (source: SIAM)



# Auto components industry

The Indian auto components industry is a sunrise industry with bright growth prospects. From a low-key supplier providing components to the domestic market, the industry emerged as one of the key auto components centres in Asia and a significant player in the global automotive supply chain today. India is now a supplier of a range of high-value and critical automobile components to global auto makers.

Further, the segment created a niche by diversifying its portfolio into aerospace, power segments and prosthetics. The strategy and plan to look into newer markets outside the country also helped the auto component manufacturers survive the global recession. The evolution of the Euro emission norms also made the manufacturers rethink their business plans to meet the demand for improved products.

The entry of new generation vehicles and demand for genuine spare parts also helped in adding to the sales for the companies. Industry experts opine that growing demand for genuine spare parts would strengthen the sector. The aftermarket service segment showed a huge potential for sustaining profits despite the slowdown in the global automobile sector.

As per a report by the Automotive Component Manufacturers Association of India (ACMA), the turnover of the auto component industry is being estimated at around USD 19.20 billion in 2009-10. The report states that 31% of the auto component industry is dominated by engine parts, 19% by drive transmission and steering parts, and 12% each by suspension and braking parts and body and chassis, while equipment and electrical parts capture 10 and 9%.

The potential compounded annual growth rate (CAGR) of the auto component industry is estimated to be around 19.20% in the period 2009-10. Exports

from the auto component industry are estimated to be worth USD 3.20 billion in 2009-10, according to the ACMA report.

Europe accounted for 40.41% of India's auto components exports in 2009-10, followed by Asia with 23.80% and North America with 22.60%. The industry witnessed a shift in the composition of exports over the years, with the original equipment manufacturer (OEM/TIER 1) segment accounting for 80% of exports in 2009-10. The share of the aftermarket segment in auto component exports stood at 20% in the same year. Investments in the auto component industry are estimated at USD 7.40 billion in 2009-10, according to ACMA.

## Advantage India

- India's per capita income is on the rise due to growth in employment.
- NATRiP (National Automotive Testing and R&D Infrastructure Project, MEA: Middle East and Africa) was set up at a cost of USD 380 million to promote sectoral R&D.
- India possesses proven product development capabilities and is proximate to emerging markets.
- Europe and North America are the major export destinations for India's auto component industry.
- Shipments to Europe from India cost less than those from Brazil and Thailand.
- Indian companies comply with global automotive standards, eg. the Japanese Industrial Standard Committee (JISC) and Deutsches Institut für Normung (DIN), among others.
- Indian castings and forgings cost 30% less than in western countries.
- India offers the advantage of low manufacturing costs due to economies of scale, low cost of design, research and labour as well as the local sourcing of tools and components.
- The cost of skilled labour in India is among the most competitive in the world

(average cost of about USD 8,000 per annum for an entry-level engineer).

- India produces more than 0.40 million engineers every year.

(Source: Ernst and Young research)

## Investments

The burgeoning demand for automobiles in India and revival in global demand put pressure on auto component manufacturers. The 500-odd manufacturers in India, big and small, are investing ₹ 900,000 lacs in 2010-11 for establishing new capacities and upgrading existing ones, nearly 33% higher than that in 2009-10.

Demand outstripped supply, primarily because of several new models launched in the domestic market and slow but steady recovery in overseas demand. Moreover, since penetration levels continue to be low in India, capacity is likely to go up by 20-25% in 2010-11.

## Policy initiatives

The Ministry of Heavy Industries and Public Enterprises envisaged the Automotive Mission Plan 2006-2016 to promote sectoral growth. It targets to:

- Increase turnover to USD 122 billion - USD 159 billion by 2016 from USD 34 billion in 2006
- Increase export revenue to USD 35 billion by 2016
- Provide employment to an additional 25 million people by 2016
- Grow the automotive sector's contribution to 10% of the country's GDP by 2016

The auto component industry welcomed the government's announcement of excise duty rollback being limited to 2% during the Union Budget 2010. The government also announced the increase of the deduction limit for Research and Development (R&D) in the sector from 150% to 200%.



## Finance review

# Analysis of the financial statements

The Company performed exceedingly well in 2009-10: while gross sales increased only 26.58%, net profit registered a 105% increase, representing a robust foundation for sustainable growth.

Profit after tax growth  
**409%**

Profit before tax growth  
**105%**

Gross sales growth  
**26.58%**

## Highlights, 2009-10

### Absolutes

- Gross sales increased 26.58% from ₹ 8,968.92 lacs in 2008-09 to ₹ 11,353.41 lacs
- EBIDTA grew 30% from ₹ 821 lacs in 2008-09 to ₹ 1,065 lacs
- PBT grew 105% from ₹ 166 lacs in 2008-09 to ₹ 339 lacs
- PAT grew 409% from ₹ 40 lacs in 2008-09 to ₹ 204 lacs

### Derivates

- EBIDTA margin grew 23 bps from 9.15% in 2008-09 to 9.38%
- PAT margin grew 135 bps from 0.44% in 2008-09 to 1.80%

- ROCE grew 330 bps from 10% in 2008-09 to 12.55%

### Revenue analysis

Sales grew 26.58% to ₹ 11,353.41 lacs for the following reasons:

- Increased sales from 9,014.11 MT in 2008-09 to 12,009.77 MT in 2009-10
- Higher capacity utilisation in the parabolic spring, hand tool and automotive commercial forging units
- Exports grew 60% to ₹ 4,677.58 lacs in 2009-10 against ₹ 2,932.11 lacs in 2008-09.
- Non-core income increased 11.63% from ₹ 24.66 lacs in 2008-09 to ₹ 27.53 lacs in 2009-10.

Units	2009-10		2008-09	
	₹ lacs	Percent of gross sales	₹ lacs	Percent of gross sales
Hand tools (export)	3,630	31.97	3,061	34.13
Hand tools (domestic) and automotive commercial forgings	3,365	29.63	2,671	29.79
Parabolic springs	2,233	19.67	320	3.57
Leaf springs	2,125	18.73	2,916	32.51
<b>Total</b>	<b>11,353</b>	<b>100.00</b>	<b>8,968</b>	<b>100.00</b>

Shareholders' funds (net worth) increased 7.40% from ₹ 1,744 lacs as on March 31, 2009 to ₹ 1,873 lacs as on March 31, 2010 due to the ploughback of operational surplus.

	2009-10		2008-09	
	Amount (₹ lacs)	Percent of total cost	Amount (₹ lacs)	Percent of Total cost
Raw material consumed	5,963	53.00	4,584	51.00
Other expenses	3,686	33.00	2,753	30.70
Interest and bank charges	463	4.00	441	5.00
Depreciation	263	2.30	214	2.40
Taxes and duties	875	7.70	977	10.90
<b>Total</b>	<b>11,251</b>	<b>100.00</b>	<b>8,971</b>	<b>100.00</b>

**Material costs:** The material cost increase in quantum terms was due to an increase in production. Material consumption, as a percentage of gross sales, increased from 51% in 2008-09 to 53% in 2009-10.

**Other expenses:** This cost increased 34% from ₹ 2,753 lacs in 2008-09 to ₹ 3,686 lacs in 2009-10, driven by increased manufacturing, manpower, power and fuel and selling expenses.

**Interest and bank charges:** Expenses under this head increased 5% from ₹ 441 lacs in 2008-09 to ₹ 463 lacs in 2009-10 due to an increase in interest expenses (2%), bank charges and commission (27%).

**Depreciation:** This increased 23% from ₹ 214 lacs in 2008-09 to ₹ 263 lacs in 2009-10.

**Taxes and duties:** This decreased 10% from ₹ 977 lacs in 2008-09 to ₹ 875 lacs in 2009-10 due to a reduction in excise duty.

### Capital employed

The capital employed in the business increased 2.55% from ₹ 6,288 lacs as on March 31, 2009 to ₹ 6,510 as on March 31, 2010 following an increase in reserves, surplus and secured loans. Enhanced capacity utilisation and operational efficiencies strenghtened ROCE from 10% in 2008-09 to 12.55% in 2009-10.

### Net worth

Shareholders' funds (net worth) increased 7.40% from ₹ 1,744 lacs as on March 31, 2009 to ₹ 1,873 lacs as on March 31, 2010 due to the ploughback of operational surplus.

**Equity capital:** The Company's equity capital comprised 5,394,005 equity shares, fully paid-up, of Re. 10 each.

**Reserve and surplus:** Reserves and surplus increased 10.70% from ₹ 1,205 lacs as on March 31, 2009 to ₹ 1,333 lacs as on March 31, 2010 –

primarily through a ₹ 150-lac ploughback of operational surplus in 2009-10. Free reserves comprised 100% of the reserves balance, creating a robust foundation for growth. Book value per share stood at ₹ 34.72 as on March 31, 2010 against ₹ 32.34 as on March 31, 2009.

### Loan funds

Loan funds increased marginally to 1.71% at ₹ 4,204 lacs in 2009-10. A reliance on unsecured loans reduced from ₹ 303 lacs as on March 31, 2009 to ₹ 250 lacs as on March 31, 2010, due to the judicious deployment of operational earnings and debt repayment. The debt-equity ratio strengthened from 2.36 as on March 31, 2009 to 2.24 as on March 31, 2010 while interest cover strengthened from 1.86 to 2.31 in 2009-10.

## Application of funds

	2009-10		2008-09	
	Amount (₹ lacs)	Percent of total	Amount (₹ lacs)	Percent of Total
Net block	3,539	55.35	3,668	60.41
Capital work in progress	-	-	4	0.07
Net current assets	2,855	44.65	2,400	39.52
<b>Total</b>	<b>6,394</b>	<b>100.00</b>	<b>6,072</b>	<b>100.00</b>

### Net block

The net block decreased from ₹ 3,668 lacs as on March 31, 2009 to ₹ 3,539 lacs as on March 31, 2010 due to an increased depreciation provision. Depreciation was provided in accordance with Schedule XIV of the Companies Act, 1956. Capital work-in-progress declined from ₹ 4.44 lacs in 2008-09 to nil in 2009-10, signifying that most expansion plans of 2008-09 were completed.

### Working capital

The Company's net current assets (working capital) increased 18.95% from ₹ 2,400 lacs as on March 31,

2009 to ₹ 2,855 lacs as on March 31, 2010 owing to increased sales and internal usage of funds. Our working capital limit rose up to ₹ 3,450 lacs.

**Inventory:** The Company valued inventory at cost or market value, whichever was lower. The inventory turnover improved from 4.96 in 2008-09 to 5.36 in 2009-10.

**Debtors:** Debtors increased 27% from ₹ 1,650 lacs in 2008-09 to ₹ 2,089 lacs in 2009-10.

**Loans and advances:** Loans and advances increased 8% from ₹ 373 lacs in 2008-09 to ₹ 402 lacs in 2009-10

mainly on account of an increase in prepaid expenses and other advances recoverable in cash.

**Creditors:** Sundry creditors increased from ₹ 1,166 lacs in 2008-09 to ₹ 1,463 lacs in 2009-10 due to increased sales.

### Provision for taxation

Provision for tax for the current year increased from ₹ 17.36 lacs in 2008-09 to ₹ 59.21 lacs due to an increase in profits. The Company also set aside an amount of ₹ 55.59 lacs for the earlier year's income tax. The Company's pre-tax profit is taxed at an average of 15.71%



## Risk management

### Economy risk

A downturn in the economy could impact topline.

In the Union Budget 2010-11, the government allocated USD 37.40 billion to the infrastructure sector and increased the allocation for road transport by 13% to USD 4.30 billion. This is expected to translate into an enhanced offtake of automobiles and in turn, forgings.

### Competition risk

Intense competition can erode market share.

- The Company is moving from the commodity to niche segment.
- The Company maximised capacity utilisation, strengthened quality, reduced per tonne cost of finished goods, provided unique customer servicing and cemented relationships.

### Quality risk

Deterioration in quality could impact brand name.

- The Company follows stringent quality control measures – from raw material procurement to packaging.
- The Company makes investments in

R&D, leading to superior technology and products.

### Raw material risk

Inefficient sourcing and poor quality of raw materials could hamper production.

- The Company is integrated backwards into Group company RL Steels, ensuring regular and quality alloy steel supply.
- The Company is proximate to R L Steels, reducing logistic costs and ensuring timely delivery.

### Funding risk

Scarcity of funds may hinder expansion plans.

- The Company has an attractive gearing and interest cover, signifying an ability to mobilise loans from bankers.
- The Company relies more on internal funds than debt for capacity expansions.
- The Company has sanctions for need-based credit facilities by banks.

### Geographic risk

Focus on a particular geography could hamper profitability in case of a region-specific downturn.

#### Risk mitigation

- The Company's manufacturing location

in Aurangabad enables it to cater to markets across Pune, Chakan, Ahmednagar, Nashik and Mumbai.

- The Company enjoys a presence across 30 countries (including the US, the UK, the Netherlands, Hong Kong, Canada and Australia).
- The Company, following the commissioning of unit III, intends to further expand presence to the Middle East, Turkey, Iran and Egypt.

### Customer concentration risk

Overdependence on few clients could affect prospects in the event of attrition.

#### Risk mitigation

- The Company's customer base includes state transportation departments, OEMs and replacement market segments, reducing its dependence on any single segment.
- The Company extended beyond commodity to customised service (packaging, look, order size, quality and delivery schedule).
- The Company enjoys enduring relationships with customers, reflected in major portion of the orders being derived from existing customers.



# Directors' Report

*Dear Shareholders,*

Your Directors present the 21st Annual Report along with Audited Statement of Accounts for the year ended March 31, 2010.

## Financial results at a glance (₹ in lacs)

	March 31, 2010	March 31, 2009
Sales & other income	11,353.41	8,968.93
Profit before tax	339.36	165.86
Profit after tax	204.50	40.14
Balance brought forward	446.10	484.07
	650.60	524.21
<b>Appropriations:</b>		
Dividend	64.73	53.94
Dividend tax	11.00	9.16
General reserve	15.00	15.00
Balance carried forward	559.87	446.11
	650.60	524.21
Earning per share	3.79	0.74

### Operations

Net sales turnover was ₹ 11,353.41 lacs as compared with ₹ 8,968.93 lacs during 2008-09. The profit before tax during 2009-10 was at ₹ 339.36 lacs (Previous Year 165.86 lacs)

All expansion programs under progress are on schedule.

### Dividend

Your Directors recommended a dividend of 12% (i.e. ₹ 1.20 per share) on 53,94,005 equity shares of ₹ 10

each for 2009-10. The previous year dividend paid was at 10% (i.e. ₹ 1.00 per share).

### Management discussion and analysis

As required under Clause 49 of the Listing Agreement with stock exchange, a Management discussion and analysis report, inter-alia, deals adequately with operations and the current and future outlook of the Company is annexed and forms a part of the Directors' Report.

### Auditors

M/s Hemant J. Vora & Co., Chartered Accountants, the present statutory auditors retire at this Annual General Meeting and are eligible for reappointment. The Audit Committee and your Board recommend their reappointment.

### Directors

Shri R. L. Gupta and Shri P. M. Nijampurkar retire by rotation and offer themselves for reelection, which your

Directors consider to be in the best interests of the Company.

Directors’ responsibility statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 it is hereby confirmed

- 1 That in the preparation of annual accounts, the applicable accounting standard were followed along with proper explanation relating to material departures
- 2 That we selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- 3 That we took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities
- 4 That we prepared the annual accounts on a ‘going concern’ basis.

Corporate Governance

Your Company reaffirms and remains

committed to high standards of Corporate Governance. The Company believes that appropriate disclosures procedures, transparent accounting policies, strong and independent Board practices and highest levels of ethical standards are critical to enhance and retain investor trust and generate sustainable corporate growth. Your Company established systems and procedures to comply with the amended provisions of the Code of Corporate Governance and complied with all the requirements of the Code of Corporate Governance as per Clause 49 of the Listing Agreement with the stock exchange. A Report separately titled “Corporate Governance” along with Auditors’ Certificate, regarding compliance of the same are annexed as a part of this Annual Report.

Particulars of Employees

The Particular of Employees as required under Section 217(2A) of the Companies Act, 1956 is not given, since no employee of the Company draws remuneration in excess of the limit as prescribed in the above section.

Energy conservation, technology absorption, and foreign exchange earnings and outgo

The information relating to energy conservation, technology absorption and

foreign exchange earnings and outgo as required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

Acknowledgements

Your Directors wish to place on record the appreciation of the assistance and cooperation received from bankers, customers (domestic as well as overseas), suppliers, shareholders, staff from each level and other business associates for their valuable contribution in the growth of the organization whose continuous support and cooperation has been a source of strength to the company enabling it to achieve it goals.

On behalf of the Board

Place: Aurangabad R. L. Gupta  
Date: August 21, 2010 Chairman

# Annexure to the Director's Report

## Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Earnings & Outgo:

### Technology Absorption and Foreign Exchange Earnings & Outgo:

#### A. Power and Fuel Consumption:

	Current Year 2009-10	Previous Year 2008-09
1 ELECTRICITY		
(a) Purchased		
Units (KWH)	6,521,684	5,607,949
Total Amount (₹ in Lacs)	321.11	248.52
Rate/Unit (₹)	4.92	4.43
(b) Own Generation :		
i) Through diesel generator Unit (Unit per Ltr. Of Diesel oil cost/unit)	NA	NA
ii) Through steam turbine/generator Units (Units per Ltr. Of fuel oil/gas cost/unit)	NA	NA
2 COAL (specify quality and where used)	NA	NA
Quantity (tonnes)		
Total Cost (₹)		
Average Rate Per MT		
3 FURNACE OIL & LPG:		
Quantity (Kg) MT	2,759.27	1,677.55
Total Amount (₹ in Lacs)	581.56	392.40
Average Rate Per MT	21,076	23,391
OTHER/ INTERNAL GENERATION	NA	NA
Quantity		
Total cost		
Rent/unit		

#### B. Consumption per unit of Production:

	Current Year 2009-10	Previous Year 2008-09
1 Drop Forged Hand Tools(MT)	4,746.66	3,670.327
Electricity Consumption (KW)	1,221.89	1,527.92
Fuel	273.45	210.25]
2 Leaf Spring (MT)	8,035.09	5,343.78
Electricity Consumption (KW)	89.83	144.76
Fuel	181.86	213.52

C. Foreign Exchange Earning & Outgo:

	Current Year 2009-10	Previous Year 2008-09
(i) Earnings:		
FOB Value of Exports	4,165.00	2,572.56
(ii) Expenditures		
CIF Value of Imports		
Raw materials,	30.31	19.79
Spares & Consumables,	1.77	2.67
Capital Goods	0	283.51
Expenses in Foreign Currency:		
Travelling / Fare abroad	9.02	8.04
Commission & Discount	23.88	45.19
	64.99	359.20

Technology absorption, Research and Development

Research and Developments and technology absorption

Research and Developments of new products, processes and methodologies continue to be important to us. In today's dynamic business environment, innovation through a sustained process of Research and Development (R&D) is a critical growth driver. R&D will need to focus in the developments and speedy commercialization of globally competitive products, processes and technologies. Your Company pursues R&D strategy premised on best-in-class benchmark research processes to secure sustainable and long term competitiveness for all its business. Its priorities are focused on projects with high research content and high impact. Over the last several years, your Company assembled a pool of qualified professionals and experts in the manufacturing and R&D department.

On behalf of the Board

Place: Aurangabad  
Date: August 21, 2010

R. L. Gupta  
Chairman

# Management discussion and analysis report

## 1. Industry structure and developments

The world economy witnessed signs of recovery from one of worst global recession. The automobile industry and auto component sector also shown strong recovery from the recession which was suffered badly during the recession. Strong recovery of automobile industry and auto component sector is positive and good indication for your Company. Banks and financial institution attitude has also become positive after the recovery from recession.

Your Company definitely got benefited from the improvement of automobile industry and auto component sector and results an increased sales turnover. Your Directors are confident that the year ahead the operation of the Company will be healthy and good.

The Company anticipates that all the measures taken will help to maintain the profitability and growth.

## 2. Opportunities and threats

The Parabolic Leaf Spring unit of your Company is has started considerable revenue now and during the year touched sales revenue ₹ 2,233.21 lacs.

Easing of interest rates, Bank's positive attitude, Government incentive and stable government at the centre will be definitely very helpful for revival of the economy.

The global meltdown effected on all industrial fields. The Company being a supplier of goods to OEMs and other segment, the recovery and revival of the concern segments is one of the important factors in the growth of your Company.

## 3. Outlook

With the sign of revival of economy and due to recent demand pick up in near term, the outlook is fairly good. Today also the Company is having a good amount of backlog of orders and, therefore, the management is very confident about the prospects of the Company.

## 4. Risk and concerns

The Company is exposed to external risks such as overall demand fluctuations in the market segment in which it operates reduction in relative market share for its products due to the impact of competition as well as internal risks such as variations in operational

efficiency and cost structure. The Company is also exposed to financial risk in the form of foreign exchange fluctuations due to large exposure of foreign currencies that the Company has on account of exports and also interest rate variations. The Company is taking appropriate steps to guard it against these identified risks.

Thus following are the major risk associated

- Volatile trend in the cost of raw material inputs
- Increasing competition from national and international manufactures
- Foreign exchange fluctuations
- Non-availability of "power" to cover the additional requirement and productions
- Non-availability of labour at shop floor
- Revival of industrial growth

## 5. Internal control systems and their adequacy

The Company undertaken a detailed exercise to revisit its control systems in technical and other non-financial areas to align them properly with Management Information Systems (MIS) to make MIS more efficient and result oriented.



The Company established internal control systems which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The internal control systems are designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

**6. Discussion on the financial performance**

During the year under review the sales turnover of the Company increased from ₹ 8,968.93 lacs to ₹ 11,353.41 lacs registering a fair improvement and growth by 27% as compared with the previous fiscal. The profit before tax of the current financial year was ₹ 339.36 as against ₹ 165.86 lacs. The profit before tax is almost twice vis-à-vis previous financial year.

**7. Material developments in human resources/industrial relations front, including number of people employed**

The Company believes that success of any organisation depends upon availability of human capital. Our assets are our people who work to innovate beyond and challenge established boundaries. Thus, employees are vital to the Company. We have a favorable work environment that encourages innovation and meritocracy. We focus on attracting the best and brightest talent and the meritocracy is the sole criteria for selection. The Company firmly believes that manpower is the most important asset, above all. The Company has good cordial relation with trade union and employees representatives and views these relationships as contributing positively to the success of the business. The employee's strength on March 31, 2010 was 416.

**Cautionary statement**

The views and statements expressed or implied in the management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' and are based on available information, assessments and judgments and are within the meaning of applicable laws and regulations. The Company's actual performance may differ due to national and international ramifications, governmental regulations, policies, tax laws and other unforeseen factors. Important developments that could affect the Company's operations include a downward trend in the automobile industry (global or domestic or both) significant changes in political and economic environment in India or key markets abroad, tax laws, exchange rate fluctuations, interest and other costs.

# Corporate Governance

## 1. Company’s philosophy on code of governance

The Company is committed to achieve high standard of Corporate Governance. The Company philosophy on Corporate Governance envisages the attainment of high levels of transparency accountability and equity in all facts of its operations and in all the interaction with its stakeholders, including shareholders, employees, lenders and the Government. The Company firmly believes that good Corporate Governance is the foundation of corporate excellence. The Board of Directors of Company continues to lay great emphasis on the broad principles of Corporate Governance.

## 2. Board of Directors

As required by the Clause 49 of the Listing Agreement regarding Corporate Governance, The Board of Directors consisted of optimum combination of promoter and Independent Directors.

The Board has a mix of Executive and Non-Executive Directors. The Board comprises total seven Directors out of which four are Executive Directors and three Non-Executive Directors. All the three Non-Executive Directors are Independent Directors.

Details of Directors seeking appointment/re-appointment pursuant to clause 49 of the Listing Agreement is as under

- I Name of Director: Shri R. L. Gupta, Age: 77 years, Date of Birth: March 31, 1933, Qualification: Commerce Graduate, Date of Appointment: Since Incorporation, Expertise: 50 years of business experience in steel, forging, hand tools industry, Directorship as on March 31, 2010: R. L. Steels Limited, Gupta Concast Limited, Hari Om Trades & Agencies Limited, Sant Eknath Rolling Mills Pvt. Ltd., Akar Alloys Pvt. Ltd.,

- Aurangabad Forging Pvt. Ltd., Kathiawad Investments Pvt. Ltd., Lavanya Finvest Pvt. Ltd. and Shatrunji Investments Pvt. Ltd.
- II Name of Director: Shri Pradeep M. Nijampurkar, Age: 52 years, Date of Birth: July 13, 1958, Qualification: M.B.A. (HR), Date of appointment: July 31, 2007, Expertise: 19 years wide experience in the field of administration and public relations. Directorship as on March 31, 2010: Nil

## 3. Board meeting and AGM attendance

The Board met five times during 2009-10 at the Company’s factories/ office at E-5, MIDC Area, Waluj Aurangabad on April 30, 2009, July 30, 2009, September 3, 2009, October 27, 2009, January 25, 2010.

Details of attendance of each Director of the Board Meetings and at last Annual General Meeting held on September 30, 2009 are given below

Name of the Director	Number of Board meetings attended	Last AGM attended yes/no	Number of Directorship held in other Companies	
			Public	Private
Shri R. L.Gupta	05	No	3	6
Shri N. K. Gupta	03	Yes	2	0
Shri Sunil Todi	05	Yes	1	1
Shri R. Machhar	03	Yes	1	6
Shri Atul M. Desai	02	No	4	0
Shri C. K. R. Murugan	02	Yes	0	0
Shri P. M. Nijmapurkar	05	Yes	0	0

4. Audit Committee

The Audit Committee comprises one Executive Director and two Independent Non-Executive Directors. The Audit Committee comprises

- 1. Shri Sunil Todi
- 2. Shri C. K. R. Murugan
- 3. Shri Atul M. Desai

Shri C. K. R. Murugan is the Chairman

of the Audit Committee.

The terms of reference includes

The terms of reference to the Audit Committee are wide enough to cover all matters specified under the Listing Agreement and the Companies Act, 1956. Some of the lists are as under

- a) Review financial reporting process and to ensure that the financial statement is correct and sufficient

b) Review, with the management, the quarterly and annual financial statement before submission to the Board

c) Review, with the management, external and internal auditors the adequacy of internal control system

d) Review the Company’s financial and risk management policies

Name of the member	Number of meetings held	Number of meetings attended
Shri C. K. R. Murugan	04	02
Shri Atul M. Desai	04	02
Shri Sunil Todi	04	04

Code of Conduct

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended, the Board approved the ‘Akar Code of Conduct’ for preventing Insider Trading’ and authorised the Audit Committee to implement and monitor various requirements as set out in the Code. The Code is based on the principle that Directors, officers and employees of Akar Tools Limited owe a fiduciary duty to, among others, the Company’s shareholders Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation.

Pursuant to Clause 49 of the Listing

Agreement, it is hereby confirmed that the ‘Code of Conduct’ as approved by the Board was complied with during 2009-10 by all Board members and the designated members of the Company’s senior management.

‘Designated members of senior management’ mean personnel of the Company who are members of its core management team excluding the Board of Directors. Normally, this would comprise all members of management one level below the Executive Directors, including all functional heads.

Whistle Blower Policy

There is no formal whistle blower policy implemented in the Company. However, no personnel were denied access to the Audit Committee of the Company.

5. Remuneration Committee

The Remuneration Committee comprises two Independent and Executive Director, three Independent Non-Executive Directors. One Executive Director is on the Committee. The committee comprises

- 1 Shri N. K. Gupta
- 2 Shri Sunil Todi
- 3 Shri C. K. R. Murugan
- 4 Shri P. M. Nijampurkar
- 5 Shri Atul M. Desai
- 6 Shri Ravi Machhar

Shri N. K. Gupta is the Chairman of the Remuneration Committee. The terms of reference specified by Board of Directors to the Remuneration Committee are as

under a) Recommending remuneration payable to Managing Director, other Directors as and when necessity arises  
b) Reviewing sitting fee payable to Directors for attending Board meetings and Committee meetings.

Details of remuneration paid to Shri Sunil Todi was ₹ 10.43 lacs and Shri P. M. Nijampurkar was ₹ 14.97 lacs.

6. Shareholders / Investors  
Grievance Committee

The Shareholder Committee set up to

specifically look into shareholders/investors complaints, if any, or transfer of shares, non-receipt of Annual Report and non-receipt of declared dividend, among others, and also the action taken by the Company on all those related matters. The Committee comprises

- 1. Shr R. L. Gupta
- 2. Shri N. K. Gupta
- 3. Shri Sunil Todi
- 4. Shri Bipin C. Gupta

Shri Bipin C. Gupta, Company Secretary, is the Compliance Officer of the Committee. The Company received eight complaints from the shareholders during 2009-10. All complaints were resolved to the satisfaction of shareholders. No share transfer was pending as on March 31, 2010.

7. General body meeting

Detail of Annual General Meetings, location and time, where last three Annual General Meetings were held.

AGM	Date	Time	Venue	Special resolutions passed (if any)
20th	September 30, 2009	10.30 am	Y. B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil
19th	September 26, 2008	10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil
18th	September 28, 2007	10.30 am	Kamal Nayan Bajaj Hall, Ground Floor, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai-400021.	Nil

8. Disclosures

Related party transactions There were no material transactions with related parties during the year 2009-10 which is pre-judicial to the interest of the Company. Details of related party transactions are given in schedule 18 as required by the Accounting Standard on related party

disclosures (AS-18) prescribed by the ICAI. Statutory compliance, penalties and strictures There is full compliance of the all the statutory provisions with the concerned authorities e.g. Bombay Stock Exchange and Registrar of Companies, among others. There were no penalties and strictures at all.

9. Means of communication

The quarterly/half-yearly/annual financial results and material events of the Company are announced within the stipulated period and are published in English and Hindi newspapers.

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## Shareholders' information

### Shareholders/Investors services

The Company's Shares & Secretarial department is situated at its Corporate & Administrative Office E- 5, MIDC Area, Waluj, Auranagabad and provides assistance and guidance to shareholders under overall supervision and control of Shri Sunil Todi, Managing Director and Shri Bipin C. Gupta, Company Secretary.

### Registrar and share transfer agents

Shareholders are advised to send all the queries regarding change of their mailing address and share transfer status, among others, to the Registrar & Share Transfer Agents appointed by the Company at the following address:

Big Share Services Pvt. Ltd  
E-2, Ansa Indl. Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai-400072  
Ph. No. 022-28473474/28473747/28470652

21st Annual General Meeting

Date and time : September 24, 2010, Time : 10.30 am

Venue : Y.B. Chavan Centre,  
General Jagannath Bhosle Marg,  
Opp. Mantralaya, Nariman Point,  
Mumbai-400021

### Date of book closure

September 21, 2010 to September 24, 2010 (both days inclusive)

### Proposed dividend

12% i.e. at ₹ 1.20 per equity shares

### Listing of securities

Bombay Stock Exchange, Mumbai

### Stock code

BSE code : 530621, Symbol : AKARTOOL EQ

### Dematerialisation

Shares of the Company are dematerialised for trading. The physical shares of the Company can be dematerialised and held in electronic mode with any of the depositories participant of the depositories as listed below:

1 National Securities Depositories Ltd

2 Central Depositories Services (India) Ltd

The ISIN number of the Share is IN E864E01013



Stock market data

Akar Tools Limited's Share at Bombay Stock Exchange Ltd

Month	Share price with BSE		BSE Sensex	
	High	Low	High	Low
April	20.75	16.50	11,403.25	9,901.99
May	26.25	18.20	14,625.25	11,682.99
June	28.10	19.10	15,466.81	14,265.53
July	25.30	19.00	15,670.31	13,400.32
August	29.55	22.75	15,924.23	14,784.92
September	35.30	26.00	17,126.84	15,398.33
October	38.70	32.05	17,326.01	15,896.28
November	41.00	31.00	17,198.95	15,404.94
December	52.00	33.60	17,464.81	16,601.20
January	51.95	41.00	17,701.13	16,289.82
February	45.90	37.00	16,496.05	15,790.93
March	38.80	28.40	17,711.35	16,772.56

Distribution of shareholding as on March 31, 2010

Shareholding range	Number of shareholders	% of holders to total number of shareholders	Shares in ₹	% to total share capital
Up to 5000	2,043	87.83	2,964,740	5.50
5001 to 10000	129	5.55	1,072,230	1.99
10001 to 20000	66	2.84	1,041,500	1.93
20001 to 30000	16	0.56	345,580	0.64
30001 to 40000	11	0.47	409,490	0.76
40001 to 50000	10	0.43	468,540	0.87
50001 to 100000	19	0.82	1,570,310	2.91
100001 and above	35	1.50	46,067,660	85.40
	2,326	100.00	53,940,050	100.00

Shareholding pattern as on March 31, 2010

Category	Number of shares held	% of shareholding
Indian promoters	4,399,735	81.57
Mutual funds	900	0.02
Private corporate bodies	195,499	3.62
Indian public	762,574	14.13
NRIs/OCBs	25,268	0.47
Clearing members	10,029	0.19
Total	5,394,005	100.00

Dividend history for last five years

2008-09	2007-08	2006-07	2005-06	2004-05
10%	15%	15%	14%	12%

# Auditors' Certificate on Corporate Governance

To,  
The Members of  
**Akar Tools Limited**

We have examined the compliance of Corporate Governance by Akar Tools Limited, for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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 corporate financial statements of the Company.

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

We further certify 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.

**Hemant J Vora & Co.**  
Chartered Accountants  
Firm Registration No. 113079W

Place : Aurangabad  
Date : 21st August, 2010

**CA. H.J. Vora**  
*Proprietor*  
Membership No. 46326



## Auditors' Report

To,  
The Members of,  
**AKAR TOOLS LIMITED**

We have audited the attached Balance Sheet of AKAR TOOLS LIMITED as at March 31, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report. These Financial statements are the responsibility of the Companies management .Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that;

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under Sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclosed in the Annexure a statement on the matter specified in paragraphs 4 and 5 and said Order.
2. Further to our comments in the Annexure referred to above, we report that;
  - a) We have obtained all the information's and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
  - b) In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
- e) On the basis of the written representation received from Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that the none of the Directors is disqualified as on March 31, 2010, from being appointed as a Director in terms of clause (g)of sub section (1) to Section 274 of the Companies Act 1956,and
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the significant accounting policies in schedule '18' and notes appearing there on, give the information required by the Companies Act,1956 in the manner so required and give true and fair view in conformity with the principles generally accepted in India.
  - i) in the case of the balance sheet of the state of affairs of the Company as at March 31, 2010.
  - ii) in the case of Profit & Loss Account, of the profit for the year ended on that date;
  - iii) in the case of the Cash Flow Statement , of the cash flow for the year ended on that date.

**For Hemant J. Vora & Co.**

*Chartered Accountants*

Firm Registration No. 113079W

**CA. H. J. Vora**

*Proprietor*

Place: Aurangabad

Dated: August 21, 2010

Membership No.: 46326

## Annexure to the Auditors' Report

- |   |  |
|---|--|
| <p>i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) We are informed that the company has formulated a program, of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regards to size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.</p> <p>c) During the year the Company has not disposed off major part of its fixed assets.</p> <p>ii) a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year, the frequency of such verification is reasonable.</p> <p>b) As per information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>c) The Company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.</p> <p>iii) a) According to the information and explanation given to us, the Company granted and taken unsecured loans, to/from companies, firms and other parties covered in the register maintained under Section 301 of the companies Act, 1956.</p> <p>b) The rate of interest and other terms and conditions of loans or by the Company, secured or unsecured, are prima facie not prejudicial to the interest of the Company.</p> <p>c) The payment of the principal and interest amount, wherever applicable is regular.</p> | <p>d) The reasonable steps has been taken by the Company for recovery/payment of the principal and interest in case of overdue amount is more than one lac.</p> <p>iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchases of inventory, fixed assets and for sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come cross nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.</p> <p>v) a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.</p> <p>b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the values of ₹ 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices.</p> <p>vi) The Company has not accepted any deposits from public during the year as defined under Section 58A /and 58AA of the Companies Act, 1956 read with the provisions of the Companies (Acceptance of Deposit) Rule, 1975.</p> <p>vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>viii) We are informed that the maintenance of cost record has not been prescribed by the Central Government under Section 209 (1) (d) of Companies Act, 1956 in respect of this Company.</p> <p>ix) a) According to the information and explanations given to</p> |
|---|--|



us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues as at March 31, 2010 for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us and records of the Company, examined by us, the particulars of sales tax, excise duty and income tax dues as at March 31, 2010 which have not been deposited on account of disputes pending, are mentioned in "Schedule 18-Notes on Accounts".
- x) The Company has no accumulated loss at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information given to us, the Company has not default in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii) Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.
- xiv) The Company is not dealing/ trading in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanation given to us, the terms & conditions of guarantee

given by the Company for loans taken by others from banks and/ or financial institutions are not prima facie prejudicial to the interest of the Company.

- xvi) In our opinion and according to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long terms investments and no long term funds have been used to finance short term assets except permanent working capital.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the registered maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the courses of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of any such case by management.

**For Hemant J. Vora & Co.**

*Chartered Accountants*

Firm Registration No. 113079W

**CA. H. J. Vora**

*Proprietor*

Place: Aurangabad

Dated: August 21, 2010

Membership No.: 46326

# Balance Sheet

As at March 31, 2010

(Amount in ₹)

	Schedule	2009-10	2008-09
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	53,940,050	53,940,050
Reserves & Surplus	2	133,370,650	120,493,583
		187,310,700	174,433,633
<b>Loan Funds</b>			
Secured Loan	3	395,412,429	382,832,227
Unsecured Loan	4	25,000,000	30,278,934
		420,412,429	413,111,161
Deferred Tax Liability	5	43,290,539	41,286,433
<b>Total</b>		<b>651,013,668</b>	<b>628,831,227</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	516,508,591	503,484,182
Less: Depreciation		162,637,659	136,733,837
Net Block		353,870,932	366,750,345
Add: Capital Work-in-Progress		–	444,303
		<b>353,870,932</b>	<b>367,194,648</b>
<b>Investment</b>	7	11,622,750	21,622,750
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	8	224,119,226	199,562,299
Sundry Debtors	9	208,904,121	165,071,514
Cash & Bank Balances	10	24,198,780	14,435,052
Loans & Advances	11	40,243,665	37,297,027
		497,465,792	416,365,892
<b>Less: Current Liabilities and Provisions</b>	12	211,945,806	176,352,062
Net Current Assets		285,519,986	240,013,830
<b>Total</b>		<b>651,013,668</b>	<b>628,831,228</b>
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date attached.

For **Hemant J. Vora & Co.**  
Chartered Accountants  
Firm Registration No. 113079W

For and on behalf of the Board

**CA. H.J. Vora**  
Proprietor  
Membership No.: 46326  
Place: Aurangabad  
Dated : August 21, 2010

**R.L. Gupta**  
Chairman

**Sunil Todi**  
Managing Director

**N.K. Gupta**  
Director

**Bipin C. Gupta**  
Company Secretary





## Profit and Loss Account For the year ended March 31, 2010

(Amount in ₹)

	Schedule	2009-10	2008-09
<b>INCOME</b>			
Sales & Other Income	13	1,135,341,459	896,892,612
Increase/(Decrease) in stock	14	23,747,854	16,829,697
		<b>1,159,089,313</b>	<b>913,722,309</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	15	596,345,761	458,458,477
Interest and Bank charges	16	46,307,977	44,143,429
Other Expenses	17	368,610,948	275,342,127
Depreciation		26,328,819	21,421,289
Taxes & Duties		87,560,120	97,770,923
		<b>1,125,153,625</b>	<b>897,136,245</b>
<b>Profit Before Tax</b>		<b>33,935,688</b>	<b>16,586,064</b>
Less: Provision for Deferred tax		2,004,105	10,577,258
Less: Provision for Taxation		5,921,577	1,736,067
Less: Income Tax for earlier years		5,559,784	–
Less: Fringe Benefit Tax		–	212,951
Less: FBT for earlier years		–	45,359
<b>Profit After Tax</b>		<b>20,450,222</b>	<b>4,014,429</b>
Add: Balance of Profit from Previous Year		44,610,017	48,406,603
<b>Profit available for Appropriation</b>		<b>65,060,239</b>	<b>52,421,032</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		1,500,000	1,500,000
Dividend Distribution Tax		1,100,053	916,711
Proposed Dividend		6,472,806	5,394,005
Balance carried to Balance Sheet		55,987,380	44,610,316
		<b>65,060,239</b>	<b>52,421,032</b>
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date attached.

For **Hemant J. Vora & Co.**

Chartered Accountants

Firm Registration No. 113079W

For and on behalf of the Board

**CA. H.J. Vora**

Proprietor

Membership No.: 46326

Place: Aurangabad

Dated : August 21, 2010

**R.L. Gupta**

Chairman

**Sunil Todi**

Managing Director

**N.K. Gupta**

Director

**Bipin C. Gupta**

Company Secretary

## Schedules forming part of the Accounts As at March 31, 2010

(Amount in ₹)

	2009-10	2008-09
<b>1 CAPITAL</b>		
Authorised Share Capital		
7,000,000 Equity share of ₹ 10/- each	70,000,000	70,000,000
	<b>70,000,000</b>	<b>70,000,000</b>
Issued, Subscribed & Paid up Capital		
5,394,005 Equity Share of ₹ 10/- each fully paid-up	53,940,050	53,940,050
	<b>53,940,050</b>	<b>53,940,050</b>

<b>2 RESERVE AND SURPLUS</b>		
General reserve	40,783,267	39,283,267
Add: Transfer from Profit & Loss Account	1,500,000	1,500,000
Closing Balance	42,283,267	40,783,267
Share Premium Account	35,100,000	35,100,000
Profit & Loss Account	55,987,383	44,610,316
	<b>133,370,650</b>	<b>120,493,583</b>

<b>3 SECURED LOANS</b>		
A) Term Loan		
Canara Bank	117,884,170	149,915,969
(Secured by respective first specific charge on Fixed Assets and all Current Assets)		
B) Working Capital Loan		
Canara Bank	275,947,931	231,404,357
(Secured by hypothecation of Stock & book Debts and further secured by first charge on all Fixed Assets)		
C) Car Loan	1,580,328	1,511,901
(Secured against respective cars)		
	<b>395,412,429</b>	<b>382,832,227</b>

<b>4 UNSECURED LOAN</b>		
(includes from Directors & Associates ₹ Nil; Prev. Year ₹ 52.25 lacs)	25,000,000	30,278,934
	<b>25,000,000</b>	<b>30,278,934</b>

<b>5 DEFERRED TAX LIABILITY</b>		
Opening balance	41,286,434	30,709,177
Addition during the year	2,004,105	10,577,257
	<b>43,290,539</b>	<b>41,286,434</b>



## Schedules forming part of the Accounts As at March 31, 2010

(Amount in ₹)

6   FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Additions	Deduction	As on 31.03.2010	As on 01.04.2009	Additions	Deductions	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Good Will	6,913,299	–	–	6,913,299	2,765,320	4,147,979	–	6,913,299	–	4,147,979
Land	20,596,122	–	–	20,596,122	–	–	–	–	20,596,122	20,596,122
Building	121,659,049	1,630,091	–	123,289,140	17,718,345	4,149,944	–	21,868,289	101,420,852	103,940,704
Plant & Machinery	330,824,403	10,862,200	–	341,686,606	99,664,181	15,815,937	–	115,480,096	226,206,510	231,160,222
Electrical installation	5,153,957	–	–	5,153,957	4,376,008	214,567	–	4,590,575	563,382	777,949
Vehicles	8,991,751	409,436	913,944	8,487,243	6,660,629	1,007,623	424,975	7,243,277	1,243,966	2,331,122
Office Equipments	1,822,043	552,094	–	2,374,137	825,782	155,789	–	981,571	1,392,566	996,261
Furniture & Fixtures	961,554	42,956	–	1,004,510	477,577	101,557	–	579,134	425,376	483,977
Computer	3,266,221	441,573	–	3,707,794	2,342,524	526,799	–	2,869,323	838,471	923,697
Containers	3,295,782	–	–	3,295,782	1,903,471	208,623	–	2,112,094	1,183,688	1,392,311
<b>Total</b>	<b>503,484,182</b>	<b>13,938,350</b>	<b>913,944</b>	<b>516,508,591</b>	<b>136,733,837</b>	<b>26,328,819</b>	<b>424,975</b>	<b>162,637,659</b>	<b>353,870,932</b>	<b>366,750,345</b>
Previous Year	402,110,523	2,120,774,517	19,401,024	503,484,182	115,312,548	21,421,289	–	136,733,837	366,750,345	–

	2009-10	2008-09
<b>7   INVESTMENTS (At Cost)</b>		
Investment Unquoted Shares	11,622,750	21,622,750
	<b>11,622,750</b>	<b>21,622,750</b>

<b>8   INVENTORIES (As valued and certified by a Director)</b>		
Packing Material	2,901,033	4,567,504
Finished Goods	53,189,967	60,366,322
Work in Progress	120,190,017	88,177,997
Scrap	1,447,357	868,697
Raw Material	24,918,594	29,447,326
Stores & Spares	21,472,259	16,134,453
	<b>224,119,226</b>	<b>199,562,299</b>

<b>9   SUNDRY DEBTORS (Unsecured considered good)</b>		
Due for period exceeding six month	4,620,888	5,101,634
Due for period below six month	204,283,233	159,969,880
	<b>208,904,121</b>	<b>165,071,514</b>

<b>10   CASH &amp; BANK BALANCE</b>		
Cash in hand	1,210,868	1,021,327
Balance with Scheduled Banks	22,987,912	13,413,725
	<b>24,198,780</b>	<b>14,435,052</b>

## Schedules forming part of the Accounts As at March 31, 2010

(Amount in ₹)

	2009-10	2008-09
<b>11 LOANS &amp; ADVANCES (Unsecured considered good)</b>		
a) Advance to staff	721,956	823,292
b) Security deposits	3,451,062	4,242,534
c) Pre-paid expenses	906,893	397,879
d) Advance to suppliers	5,580,967	6,543,322
e) Other advances	29,582,787	25,290,000
	<b>40,243,665</b>	<b>37,297,027</b>

<b>12 CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	146,293,675	116,645,753
Other Creditors	47,917,573	47,246,425
Advance from Customers	4,240,122	4,200,150
	<b>198,451,370</b>	<b>168,092,328</b>
<b>Provisions</b>		
Provision for F.B.T.	–	212,951
Provision for Income Tax	5,921,577	1,736,067
Provision for Dividend	6,472,806	5,394,005
Provision for Dividend Tax	1,100,053	916,711
	<b>13,494,436</b>	<b>8,259,734</b>
	<b>211,945,806</b>	<b>176,352,062</b>

<b>13 SALES &amp; OTHER INCOME</b>		
Sales : Export (including incentives)	467,758,800	293,211,415
Sales : Domestic	577,269,330	503,443,962
Taxes & Duties	87,560,120	97,770,923
	<b>1,132,588,251</b>	<b>894,426,300</b>
Other Income	2,753,208	2,466,312
	<b>1,135,341,459</b>	<b>896,892,612</b>

<b>14 INCREASE/(DECREASE) IN INVENTORY</b>		
<b>Opening Stock</b>		
Packing Material	4,567,504	1,098,125
Finished Goods	44,619,868	42,446,933
Work in Progress	103,924,450	90,735,425
Scrap	868,697	2,870,340
	<b>153,980,519</b>	<b>137,150,823</b>
<b>Closing Stock</b>		
Packing Material	2,901,033	4,567,504
Finished Goods	53,189,967	44,619,868
Work in Progress	120,190,017	103,924,451
Scrap	1,447,357	868,697
	<b>177,728,373</b>	<b>153,980,520</b>
<b>Net Increase/(Decrease) in Stock</b>	<b>23,747,854</b>	<b>16,829,697</b>



## Schedules forming part of the Accounts As at March 31, 2010

(Amount in ₹)

	2009-10	2008-09
<b>15 RAW MATERIAL CONSUMED</b>		
Opening Stock	29,447,327	15,722,398
Add. Purchases	591,817,027	472,183,405
	621,264,354	487,905,803
Less. Closing Stock	22,169,961	27,966,497
Less: Stock at Vendor	2,748,632	1,480,829
<b>Raw Material Consumed</b>	<b>596,345,761</b>	<b>458,458,477</b>

<b>16 INTEREST &amp; FINANCIAL CHARGES</b>		
Interest Expenses	40,079,233	39,246,281
Bank Charges & Commission	6,228,744	4,897,148
	<b>46,307,977</b>	<b>44,143,429</b>

<b>17 OTHER EXPENSES</b>		
Stores, Spares & Consumables	80,585,827	81,604,704
Manufacturing Expenses	29,682,627	26,118,179
Power & Fuel	95,856,523	46,154,529
Repairs & Maintenance	4,583,270	2,971,585
Manpower Expenses	65,528,942	51,517,138
Other Expenses	7,778,231	6,372,734
Miscellaneous Expenses	8,865,334	5,375,430
Selling Expenses	75,730,194	55,227,828
	<b>368,610,948</b>	<b>275,342,127</b>

## Schedules forming part of the Accounts As at March 31, 2010

### 18 ACCOUNTING POLICIES AND NOTES FORMING PART ON ACCOUNTS

#### A. STATEMENT OF ACCOUNTING POLICIES

These accounts are prepared under the historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI). The significant accounting policies followed by the Company are stated below:

##### 1) Revenue recognition

The books of accounts are maintained on accrual basis except where stated otherwise.

##### 2) Sales

Sales are inclusive of excise duty and sales tax.

##### 3) Fixed assets

- a) Fixed assets are stated at their original cost of acquisition, duties, freight, and other incidental expenses of acquisition and installation of the concerned assets.
- b) Depreciation on fixed assets of hand tool division is being provided on straight line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.
- c) Depreciation on fixed assets of leaf spring division is being provided on written down value basis in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

##### 4) Investments

These are valued at cost. Gain/loss on these investments are accounted for at the time of sale /disposal.

##### 5) Incidental expenditure during construction period

All indirect expenses incurred during project implementation including interest cost on funds deployed for the project as well as trial run expenses are treated as incidental expenditure during construction and subsequently capitalised.

##### 6) Inventories

- a) Raw materials and packing materials are valued at cost or net realisable value, whichever is lower
- b) Finished goods and work-in-process are valued at cost or net realisable value whichever is lower and share of manufacturing expenses is included on absorption costing basis and
- c) Stores and spares are valued at cost after considering cost of obsolesces.

##### 7) Provision for retirement benefits

The contribution to provident fund is paid on monthly at a predetermined rate to the provident fund authorities and debited to the Profit & Loss Account on accrual basis. The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer its Gratuity Schemes for its Tools Division-Unit 1. The premium advised by LIC is debited to the Profit & Loss Account on an accrual basis.

The liabilities in respect of retirement benefits of tools division unit-2 and its leaf spring divisions to employees are accounted for on actual payment and no provision is being made for liabilities on actuarial valuation as required by AS-15.

##### 8) Research and Development

Revenue expenditure on R&D is charged against the profit of the year in which it is incurred. capital expenditure on Research and Development is shown as an addition to the fixed assets.

##### 9) Foreign currency transactions on revenue account

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of such transactions where such transactions are not covered by forward contracts. Gains/loses arising out of the fluctuations in the exchange rate are accounted for at the time of realisation/payments. Exchange differences arising on foreign currency transactions are recorded as income or expenses in the period in which they arise.





## Schedules forming part of the Accounts As at March 31, 2010

### 18 ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

#### B. NOTES FORMING PART OF ACCOUNTS

##### 1) Contingent Liabilities not provided for

- Guarantees issued by banks on behalf of the Company ₹ 57.50 lacs (previous year ₹ 57.50 lacs)
- Income Tax liabilities not acknowledged as debt:

Name of the Statute	Amount outstanding in Lacs (₹)	Assessment Year to which amount relates	Forum where dispute is pending
Income Tax	11.95	2007-2008	C.I.T. (Appeals)
Income Tax	2.81	2005-2006	Chief Comm. Of I. Tax
Income Tax	4.16	2004-2005	Chief Comm. Of I. Tax
Income Tax	2.00	2004-2005	C.I.T. (Appeals)
Income Tax	3.06	2003-2004	Chief Comm. Of I. Tax
Income Tax	10.00	2003-2004	C.I.T. (Appeals)
Income Tax	3.26	2002-2003	Chief Comm. Of I. Tax
Income Tax	6.55	2001-2002	Chief Comm. Of I. Tax
Income Tax	5.33	2000-2001	Chief Comm. Of I. Tax
Income Tax	0.44	1999-2000	Chief Comm. Of I. Tax
Sales Tax	17.87	2003-2004	Asstt. Comm. Of SalesTax

2) Figures of the previous year have been re-grouped/re-arranged wherever necessary.

##### 3) Segment reporting

The Company is engaged in manufacture of drop forged hand tools and leaf spring business which, as per Accounting Standard 17 (As-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, are considered the reportable business segments of the Company.

(Amount in ₹ lacs)

	Hand Tools		Leaf Spring		Consolidated	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>Revenue:</b>						
External Sale	6,995.36	5,731.76	4,358.05	3,237.17	11,353.41	8,968.93
<b>Total Revenue</b>	<b>6,995.36</b>	<b>5,731.76</b>	<b>4,358.05</b>	<b>3,237.17</b>	<b>11,353.41</b>	<b>8,968.93</b>
<b>Results:</b>						
Segment Results					339.36	165.86
Other information:						
Segment Assets					8,513.37	7,835.61
Investments					116.23	216.23
<b>Total</b>					<b>8,629.59</b>	<b>8,051.84</b>
Segment Liabilities					6,323.58	5,894.63
Share Capital & Reserves					1,873.11	1,744.34
Un-allocable/Deferred Tax Liability					432.91	412.86
<b>Total</b>					<b>8,708.71</b>	<b>8,051.83</b>

Segment assets include net fixed assets, inventories, debtors, loans and advances and cash and bank balances. Segment liabilities include all operating liabilities and consist of principally loans, creditors and accrued liabilities.

4) Disclosure requirement as per Accounting Standard 18(AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

## Schedules forming part of the Accounts As at March 31, 2010

### 18 ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

The Company entered into transactions with certain parties as listed below during the year (under) consideration full disclosure have been made and the Board considers such transactions to be in normal course of business and at rates agreed between the parties.

Name of the Parties	Nature of Transaction	Amount (₹ in lacs)
R.L. Steels & Energy Ltd.	Purchase	5279.32
	Sales	904.28
Gupta Concast Ltd.	Lease Rent	6.00
	Advance	NIL

#### 5) Key management personnel / associates

R. L. Steels & Energy Limited, Sant Eknath Rolling Mills Pvt. Ltd., Gupta Concast Ltd., Mr.R.L. Gupta, Mr.N.K.Gupta, Mr. Sunil Todi, Mr. P.M. Nijampurkar.

#### 6) Quantitative Information

	2009-10	2008-09
i) Licensed Capacity	N.A.	N.A.
ii) Installed Capacity (As certified by the Management)	7,800 T.P.A.	7,800 T.P.A.
Tools	4,800 T.P.A.	4,800 T.P.A.
Leaf Spring	5,400 T.P.A.	5,400 T.P.A.
Parabolic Leaf Spring	14,400 T.P.A.	14,400 T.P.A.

	2009-10		2008-09	
	Quantity (M.T.)	Value (₹ in Lacs)	Quantity (M.T.)	Value (₹ n Lacs)
a) Turnover	12,668.14	9,879.03	8,976.54	7,455.87
Scrap Sales	3,147.23	571.25	2,566.62	510.68
b) Opening Stock of Raw Material	851.81	294.47	453.582	157.22
c) Purchase / Receipt	17,355.57	5,918.17	12,491.25	4,721.84
d) Closing Stock of Raw Material	679.56	249.19	851.81	294.47
e) Consumption	17,527.82	5,963.46	12,093.02	4,584.58
f) Opening Work-in-Progress	1,181.18	1,039.24	1,359.61	907.35
g) Closing Work-In -Progress	1,564.66	1,201.90	1,181.18	881.77
h) Opening Stock of Finished Goods	609.36	446.20	571.82	424.46
i) Closing Stock of Finished Goods	746.80	531.90	609.36	603.67
j) Production	12,009.77	MT	9,014.11	M.T.
k) Closing Stock of Scrap	76.30	14.47	49.63	8.68
l) Consumption of Raw Material :		₹ in Lacs		₹ in Lacs
Indigenous		5,933.15		4,534.79
Imported		30.31		19.79
		<b>5,963.46</b>		<b>4,584.58</b>
l) C.I.F. Value of Import - Raw Material				
Capital Goods		NIL		283.51
<b>F.O.B. Value of Export Sales</b>				
m) Earning in Foreign Currency -		4,165.00		2,572.56



## Schedules forming part of the Accounts As at March 31, 2010

### 18 ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

- 7) In the opinion of the Board of Directors the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. Unsecured loans includes ₹ Nil (previous year ₹ 52.25 lacs) from Directors and associates.
- 8) Manpower expenses included ₹ 25.40 lacs (previous year ₹ 21.80 lacs) paid to Directors as remuneration.
- 9) The creditors for goods include ₹ 21.24 lacs (previous year ₹ 14.22 lacs) outstanding for a period exceeding 30 days towards SSI undertakings. There are four (previous year three) SSI units to which the Company owed a sum exceeding ₹ 1.00 lacs with the Company.
- 10) In accordance with revised guidance notes issued by Institute of Chartered Accountants of India, Excise duty payable on finished goods lying in the stock has to be included in the expenditure as well as in the valuation of such stock. However precise bifurcation between finished goods meant for export market which consist major portion of business (which is excise duty free) and finished goods meant for domestic market is not possible. Hence the excise duty is not included in the cost and stock value. This accounting treatment has no impact on profitability of the Company.
- 11) Confirmation from certain parties for amounts due to/from them due by/ to the Company as per accounts of the Company are not yet received, necessary adjustment if any will be made when accounts are reconciled and settled.

As per our report of even date attached.

For **Hemant J. Vora & Co.**

*Chartered Accountants*

Firm Registration No. 113079W

For and on behalf of the Board

**CA. H.J. Vora**

*Proprietor*

Membership No.: 46326

Place: Aurangabad

Dated : August 21, 2010

**R.L. Gupta**

*Chairman*

**Sunil Todi**

*Managing Director*

**N.K. Gupta**

*Director*

**Bipin C. Gupta**

*Company Secretary*

## Cash Flow Statement

For the year ended March 31, 2010

(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

(Amount in ₹)

	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & extraordinary items	33,935,688	16,586,064
Adjustment for		
Depreciation	25,903,822	21,421,289
Interest Debited to Profit & Loss Account	46,307,977	44,143,429
<b>Operating Profit before Working Capital changes</b>	<b>106,147,487</b>	<b>82,150,782</b>
Adjustment for		
Trade Receivable	(43,832,607)	(28,676,157)
Loan & Advances	(2,946,638)	2,915,196
Inventories	(24,556,927)	(37,422,689)
Trade Payable	30,359,042	57,529,442
Provision for Tax Liability	5,234,702	(7,469,153)
Add/(Less) I.Tax Provision for earlier years	(5,559,784)	(45,359)
<b>Cash Generated from Operation</b>	<b>(41,302,212)</b>	<b>(13,168,720)</b>
Interest Paid	46,307,977	44,143,429
Direct Taxes	5,921,577	1,949,018
<b>Net Cash Flow from Operating Activities A</b>	<b>12,615,721</b>	<b>22,889,615</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(13,024,409)	(101,373,659)
Purchase of Investment	10,000,000	—
Increase/Decrease in Capital Work-In-Progress	444,303	36,808,270
<b>Net Cash used in Investing Activities B</b>	<b>(2,580,106)</b>	<b>(64,565,389)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(32,031,799)	21,225,386
Proceeds from Short Term Borrowings	(5,210,804)	78,026
Dividend Paid	(7,572,859)	(6,310,716)
Proceeds from Working Capital Finance	44,543,574	24,048,109
<b>Net Cash used in financing activities C</b>	<b>(271,888)</b>	<b>39,040,805</b>
<b>Net increase in Cash and Cash Equivalents A+B+C</b>	<b>9,763,728</b>	<b>(2,634,969)</b>
Opening Cash and Cash Equivalents	14,435,052	17,070,021
Closing Cash and Cash Equivalents	24,198,780	14,435,052
Closing Cash and Cash Equivalents c/f	24,198,780	14,435,052

As per our report of even date attached.

For **Hemant J. Vora & Co.**

Chartered Accountants

Firm Registration No. 113079W

For and on behalf of the Board

**CA. H.J. Vora**

Proprietor

Membership No.: 46326

Place: Aurangabad

Dated : August 21, 2010

**R.L. Gupta**

Chairman

**Sunil Todi**

Managing Director

**N.K. Gupta**

Director

**Bipin C. Gupta**

Company Secretary

## Auditor's Certificate

The above Cash Flow Statement has been compiled from and is based on the audited accounts of AKAR TOOLS LIMITED for the year ended March 31, 2010, reported upon by us on August 21, 2010. According to the information and explanation given to us the aforesaid Cash Flow has been prepared pursuant to Clause 32 of Listing Agreement and the reallocations required for the purpose are as made by the Company.

For **Hemant J. Vora & Co.**

Chartered Accountants

**CA. H.J. Vora**

Proprietor

Membership No.: 46326

Place: Aurangabad

Dated : August 21, 2010



## Balance Sheet Abstract and Company's General Business Profile

Balance Sheet Date 

3	1	0	3	2	0	1	0
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### I. Registration Details

Registration No. 

CIN: U29220MH1989PLC052305
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State Code 

1	1
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### II. Capital Raised during the year (Amount ₹ in Thousands)

Public Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Rights Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L												
					N	I	L												
Bonus Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Private Placement	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L												
					N	I	L												

### III. Position of Mobilisation and Deployment of Funds (Amount ₹ in Thousands)

Total Liabilities	<table border="1"><tr><td></td><td></td><td>6</td><td>5</td><td>1</td><td>0</td><td>1</td><td>4</td></tr></table>			6	5	1	0	1	4	Total Assets	<table border="1"><tr><td></td><td></td><td>6</td><td>5</td><td>1</td><td>0</td><td>1</td><td>4</td></tr></table>			6	5	1	0	1	4
		6	5	1	0	1	4												
		6	5	1	0	1	4												
<b>Sources of Funds</b>																			
Paid-up Capital	<table border="1"><tr><td></td><td></td><td></td><td>5</td><td>3</td><td>9</td><td>4</td><td>0</td></tr></table>				5	3	9	4	0	Reserves & Surplus	<table border="1"><tr><td></td><td></td><td>1</td><td>3</td><td>3</td><td>3</td><td>7</td><td>1</td></tr></table>			1	3	3	3	7	1
			5	3	9	4	0												
		1	3	3	3	7	1												
Secured Loans	<table border="1"><tr><td></td><td></td><td>3</td><td>9</td><td>5</td><td>4</td><td>1</td><td>2</td></tr></table>			3	9	5	4	1	2	Unsecured Loans	<table border="1"><tr><td></td><td></td><td></td><td>2</td><td>5</td><td>0</td><td>0</td><td>0</td></tr></table>				2	5	0	0	0
		3	9	5	4	1	2												
			2	5	0	0	0												
<b>Application of Funds</b>																			
Net Fixed Assets	<table border="1"><tr><td></td><td></td><td>3</td><td>5</td><td>3</td><td>8</td><td>7</td><td>1</td></tr></table>			3	5	3	8	7	1	Investments	<table border="1"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>6</td><td>2</td><td>3</td></tr></table>				1	1	6	2	3
		3	5	3	8	7	1												
			1	1	6	2	3												
Net Current Assets	<table border="1"><tr><td></td><td></td><td>2</td><td>8</td><td>5</td><td>5</td><td>2</td><td>0</td></tr></table>			2	8	5	5	2	0	Misc. Expenditure	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
		2	8	5	5	2	0												
					N	I	L												

### IV. Performance of Company (Amount in ₹ Thousands)

Turnover	<table border="1"><tr><td></td><td>1</td><td>1</td><td>5</td><td>9</td><td>0</td><td>8</td><td>9</td></tr></table>		1	1	5	9	0	8	9	Total Expenditure	<table border="1"><tr><td></td><td>1</td><td>1</td><td>2</td><td>5</td><td>1</td><td>5</td><td>4</td></tr></table>		1	1	2	5	1	5	4
	1	1	5	9	0	8	9												
	1	1	2	5	1	5	4												
Profit before Tax	<table border="1"><tr><td></td><td></td><td></td><td>3</td><td>3</td><td>9</td><td>3</td><td>6</td></tr></table>				3	3	9	3	6	Profit after Tax	<table border="1"><tr><td></td><td></td><td></td><td>2</td><td>0</td><td>4</td><td>5</td><td>0</td></tr></table>				2	0	4	5	0
			3	3	9	3	6												
			2	0	4	5	0												
Earnings Per Share	<table border="1"><tr><td></td><td></td><td></td><td></td><td>3</td><td>.</td><td>7</td><td>9</td></tr></table>					3	.	7	9	Dividend rate	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>%</td></tr></table>						1	2	%
				3	.	7	9												
					1	2	%												

### V. Generic Names of Principal Products of Company (as per monetary terms)

#### Product Description

Drop Forged Hand Tools / Automobile Leaf Spring

As per our report of even date attached.

For **Hemant J. Vora & Co.**

Chartered Accountants

Firm Registration No. 113079W

For and on behalf of the Board

**CA. H.J. Vora**

Proprietor

Membership No.: 46326

Place: Aurangabad

Dated : August 21, 2010

**R.L. Gupta**

Chairman

**Sunil Todi**

Managing Director

**N.K. Gupta**

Director

**Bipin C. Gupta**

Company Secretary

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## Notice

Notice is hereby given that the 21st Annual General Meeting of the Company will be held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai – 400021 on Friday the September 24, 2010 at 10.30 a.m. to transact the following business:

As ordinary business

1. To receive, consider and adopt the audited Profit & Loss Accounts for the year ended 31st March, 2010, the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon
2. To declare dividend on equity shares
3. To appoint a Director in place of Shri R. L. Gupta, who retires by rotation and being eligible, offered him self for reappointment.
4. To appoint a Director in place of Shri P. M. Nijampurkar, who retires by rotation and being eligible, offered himself for reappointment.
5. To appoint auditors of the Company to hold office till conclusion of the next Annual General Meeting and to fix their remuneration.

On behalf of the Board

Place: Aurangabad

Date: August 21, 2010

**R. L. Gupta**

*Chairman*

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## Notes

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/ herself/itself and such proxy need not be a member of the Company. The instruments of proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members shall remain closed from September 21, 2010 to September 24, 2010 (both days inclusive).
3. The dividend, if declared, will be paid to those members whose name appears on the Register of Members of the Company as on September 24, 2010 for members holding shares in physical mode. For members holding share in electronic form, the dividend will be paid as per the data as may be made available by the NSDL and/or CSDL as of the close of the business hours on 20th September, 2009 and the same forwarded to us by our RTA.



# Board of Directors

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R. L. Gupta	:	<i>Chairman</i>
Sunil Todi	:	<i>Managing Director</i>
N. K. Gupta	:	<i>Director</i>
R. Machhar	:	<i>Director</i>
Atul M. Desai	:	<i>Director</i>
C. K. R. Murugan	:	<i>Director</i>
P. M. Nijampurkar	:	<i>Director</i>
Company Secretary	:	<b>Bipin C. Gupta</b>
Auditors	:	<b>Hemant J. Vora &amp; Co.</b>
Bankers	:	Canara Bank
Registered office	:	304, Abhay Steel House Baroda Street, Carnac Bunder, Mumbai - 400009
Administrative and corporate office	:	E-5, MIDC Area, Waluj Aurangabad - 431136 Maharashtra

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Regd office: 304, Abhay Steel House, Baroda Street,  
Carmac Bunder, Mumbai – 400 009, India  
Phone: +91 22 2348 1083/2348 1084/2348 4886  
Fax: +91 22 2348 3887