

DAGGER FORST TOOLS LIMITED

BOARD OF DIRECTORS

Shri Yashovardhan Birla	Chairman
Smt. Avanti Birla	
Shri G.L. Lath	Resigned as Executive Director w.e.f. April 2, 2010
Shri Vijay Agarwal	
Shri Shailesh Sheth	
Shri Rajesh Shah	
Shri Tushar Dey	w.e.f. May 31, 2010

EXECUTIVES

Shri S. C. Agarwal	Chief Executive Officer
Shri P. S. Sainani	Chief Operating Officer

BANKERS

Indian Overseas Bank

AUDITORS

M/s CHATURVEDI & SHAH
Chartered Accountants
Mumbai

REGISTERED OFFICE

S-2, 2nd Floor, Vedant Commercial Complex,
Vartak Nagar, First Pokhran Road,
Thane (W) – 400606

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th Annual General Meeting of Dagger Forst Tools Limited will be held on Wednesday, September 29, 2010, at 11.00 a.m. at Vedant Community Hall, Phase- III, Vedant Complex, 1st Pokhran Road, Thane (W) - 400606 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on March 31, 2010, the Balance Sheet as at that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Vijay Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajesh Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s CHATURVEDI & SHAH, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. TO APPOINT SHRI TUSHAR DEY AS A DIRECTOR LIABLE TO RETIRE BY ROTATION:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary resolution**:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Tushar Dey who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company."

6. CHANGE OF NAME OF THE COMPANY:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 21 and other applicable provisions of the Companies Act, 1956 and subject to approval of Central Government, the name of the Company be and is hereby changed from '**Dagger Forst Tools Limited**' to '**Birla Machining & Toolings Limited**' or such other alternate name as may be approved by the Registrar of Companies, Mumbai, Maharashtra.

RESOLVED FURTHER THAT the name '**Dagger Forst Tools Limited**' wherever it occurs in the Memorandum of Association & Articles of Association of the Company and all other documents/papers etc. be substituted by the name '**Birla Machining & Toolings Limited**' or such other alternate name as may be approved by the Registrar of Companies, Mumbai, Maharashtra.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution".

For and on behalf of the Board

Place: Mumbai
Date: August 11, 2010

Vijay Agarwal
Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The Register of Members and share transfer books of the Company will remain closed from September 23, 2010 to September 29, 2010 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to forward all application for Transfer, Demat, and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:

M/s. Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W), Mumbai 400 078
Tel: 022-25963838, 022-25946970
Fax: 022-25946969
Email Id: (rnt.helpdesk@linkintime.co.in)
4. Members are requested to:
 - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c) send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
5. As required under clause 49 IV (G) of the Listing Agreement, the relevant details in respect to the directors seeking re-appointment/ appointment at the ensuing Annual General Meeting are provided in the Corporate Governance report.

For and on behalf of the Board

Place: Mumbai
Date: August 11, 2010

Vijay Agarwal
Director

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5****Appointment of Shri Tushar Dey as a Director:**

The Board of Directors of the Company (the Board), at its meeting held on May 31, 2010 appointed Shri Tushar Dey as an Additional Director of the Company with effect from May 31, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act).

In terms of the provisions of Section 260 of the Act, Shri Tushar Dey would hold office upto the date of the ensuing Annual General Meeting.

The Company has received notice, along with requisite fee, from a member under Section 257 of the Companies Act, 1956 proposing candidature of Shri Tushar Dey as a Director of the Company under the provisions of Section 257 of the Act.

Shri Tushar Dey is a Company Secretary and also holds bachelors degree in General Law. He has over 20 years of experience in handling legal and secretarial matters such as Mergers and Amalgamations, Corporate Restructuring, IPOs, IPR issues, Custom and Excise matters, Litigations, structuring of Joint Ventures and Corporate Governance Issues. In order to avail the benefit of his enriched expertise and knowledge, it will be in the interest of the Company to appoint him as Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of Articles of Association of the Company.

The Board recommends the resolution set out at Item No.5 of the Notice for your approval.

Save and expect for Shri Tushar Dey, none of the Directors of the Company are, in any way, concerned or interested in the resolution.

Item No. 6**Change of name of the Company:**

The Company has been engaged in manufacturing the products used by automotive, automotive components and engineering companies viz. broaches, hobs, shapers cutters and shaving cutters (gear cutting tools). A Business Transfer Agreement (BTA) was executed on 29th January 2009 between the Company and M/s. Motherson Advanced Tooling Solutions Limited (MATSL) for sale and transfer of the specified business undertakings of the Company. As per terms & conditions of BTA, upon completion of the conditions of closing of BTA, the name of the Company would be changed.

The management has considered various strategies to expand the business for the Company including exploring new business for the Company, takeovers, diversification in similar line of business, Joint Ventures, Strategic Partnerships, etc.. Its focus is on businesses which would help to achieve an optimum utilization of the existing resources in the similar line of business including machining of castings which is under implementation.

Dagger Forst Tools Limited belongs to the Yash Birla Group and in order to reflect the association of the Company with the Yash Birla Group, it is proposed to change the name of the Company to include the name "Birla" as a prefix.

Considering the aforesaid facts, the proposed name '**Birla Machining & Toolings Limited**' is in consonance with the present activities and future plans of the Company.

The requisite application will be made to Registrar of Companies, Mumbai, Maharashtra for availability of the proposed name '**Birla Machining & Toolings Limited**' or such other alternate name as may be approved by the Registrar of Companies, Mumbai, Maharashtra under the relevant provisions of the Companies Act, 1956.

The change of the Company's name in the aforesaid manner requires approval of the Members of the Company by a Special Resolution pursuant to Section 21 of the Companies Act, 1956.

The Directors, therefore, recommend the adoption of the said Resolution as a Special Resolution.

The existing Memorandum and Articles of Association and Certificate of Incorporation are available for inspection at the Registered Office of the Company between 11:00 A.M. to 1.00 P.M. till the Annual General Meeting.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

For and on behalf of the Board

Place: Mumbai

Date: August 11, 2010

Vijay Agarwal
Director

DIRECTORS' REPORT

To
The Members

The Directors present hereunder the 44th Annual Report on the Business and operations of the Company along with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010. The financial results for the year are summarized as under:

FINANCIAL RESULTS

	2009-10	(Rupees)
	(12 Months)	2008-09
		(12 Months)
Net Sales and Other Income	5,45,92,510	35,14,43,423
Profit/(Loss) before Interest, Depreciation and Taxation	(7,48,39,883)	(46,82,509)
Less: Interest	1,51,19,148	2,75,66,547
Less: Depreciation	67,70,242	3,36,87,016
Profit/(Loss) before Exceptional Items	(9,67,29,273)	(6,59,36,072)
Exceptional Items	(6,42,11,667)	-
Profit/(Loss) after Exceptional Items before Tax	(16,09,40,940)	(6,59,36,072)
Profit/(Loss) from Continuing Operations	(1,81,54,247)	2,39,57,015
Profit/(Loss) from Discontinuing Operations	(14,27,86,693)	(8,98,93,087)
	(16,09,40,940)	(6,59,36,072)
Less: Provision for Taxation:		
For Current Tax	1,18,23,000	1,30,000
For Earlier Year	-	34,61,843
For Fringe Benefit Tax	-	15,00,000
Deferred Tax (Assets) /Liabilities	-	(1,84,85,648)
Profit after Tax	(17,27,63,940)	(5,25,42,267)
Add: Balance bought forward from previous period	(3,21,34,673)	2,04,07,594
	(20,48,98,613)	(3,21,34,673)
APPROPRIATIONS		
Dividend	-	-
Dividend Tax	-	-
Balance carried to Balance Sheet	(20,48,98,613)	(3,21,34,673)

DIVIDEND

Considering the financial performance of the Company for the financial year ended March 31, 2010, your Directors regret their inability to recommend dividend on the equity shares.

PERFORMANCE REVIEW

The net sales and other income of the Company for the financial year 2009-10 stood at Rs. 545.92 Lacs as against last year's Rs. 3,514.43 Lacs. The Loss before tax is Rs. 1,609.41 Lacs as against Loss before tax of Rs. 659.36 Lacs of corresponding previous year ended 2008-09. The Loss after tax stood at Rs. 1,727.63 Lacs as against Loss after tax of Rs. 525.42 Lacs of corresponding previous year ended 2008-09.

FUTURE PROSPECTS / OUTLOOK OF THE COMPANY

As indicated in the last year's Directors' report, the Board of Directors of the Company in their meeting held on 22nd January 2009 had approved the sale and transfer of the specified business undertakings of the Company to M/s. Motherson Advanced Tooling Solutions Limited by executing the Business Transfer Agreement (BTA) on 29th January 2009.

All the conditions precedent to closing the BTA have since been completed and the specified business undertakings of the Company have been transferred to M/s. Motherson Advanced Tooling Solutions Limited w.e.f. 1st June 2009.



In view of the above, the management has considered various strategies including exploring new business for the Company, takeovers, diversification in similar line of business, Joint Ventures, Strategic Partnerships, etc. and the Company is in the process of implementing the strategies to ensure optimum utilization of its existing resources.

CHANGE OF NAME OF THE COMPANY

As per terms & conditions of BTA executed on 29th January 2009 between the Company and M/s. Motherson Advanced Tooling Solutions Limited, upon completion of the conditions of closing of BTA, the name of the Company would be changed. Currently, the project of machining of castings is under implementation.

Considering the aforesaid facts and in order to reflect the association of the Company with the Yash Birla Group, it is proposed to change the name of the Company from '**Dagger Forst Tools Limited**' to '**Birla Machining & Toolings Limited**' or such other alternate name as may be approved by the Registrar of Companies, Mumbai, Maharashtra.

This name change would enable the company to benefit considerably from the recognition of "Yash Birla Group" brand, goodwill and reputation attached to its products / services around the world.

DIRECTORS

Shri Vijay Agarwal and Shri Rajesh Shah, Non-Executive Directors of the Company, retires by rotation and being eligible, offers themselves for re-appointment.

Shri Tushar Dey has been appointed as an additional Director of the Company with effect from 31st May, 2010 and holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Shri Tushar Dey as a Director of the Company. Your Directors recommend his appointment.

Brief resume of directors proposed to be re-appointed/appointed including their other directorships are given in the Report on Corporate Governance forming part of the Annual Report.

Shri G.L. Lath - Executive Director of the Company has resigned with the close of business hours of April 1, 2010. The Directors place on record their sincere appreciation of the valuable services rendered by Shri G.L. Lath during his tenure as Executive Director.

INSURANCE

All properties and insurable interests of the Company have been adequately insured.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the Company had taken effective steps at every stage to reduce energy consumption and conserve energy in all phases of operation.

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure 'A'.

PUBLIC DEPOSITS

Your Company has not accepted any fixed deposit from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

EMPLOYEES

In terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employees are set out in the Annexure appended to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

- I) The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to Section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that: In the preparation of the annual accounts, the applicable accounting standards had been followed;
- II) Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are 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;
- III) Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge and ability;

IV) The annual accounts have been prepared on a “going concern basis”.

AUDITORS

M/s. Chaturvedi & Shah, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for reappointment. The Directors recommend their reappointment by the Members at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report, Corporate Governance Report and Practicing Company Secretary’s certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, Banks, Regulatory and Government authorities and Stock Exchange for their continued support. The Directors also wish to place on record their appreciation of the contribution made by business partners/associates at all levels.

For and on behalf of the Board

Place: Mumbai
Date: August 11, 2010

Vijay Agarwal
Director

**ANNEXURE 'A' TO DIRECTORS' REPORT****I. Particulars of employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forms part of the Directors' Report for the year ended 31st March, 2010.

Sr. No	Name	Designation	Age	Qualification	Exp (yrs)	Gross Remuneration (Rs.)	Date of Joining	Last employment
I	Shri G. L. Lath	Executive Director	61 years	Chartered Accountant	37	32,96,407	1/12/1973	--

Notes:

- The Gross remuneration shown above is subject to tax and comprises of salary, allowances, monetary value of perquisites as per Income-tax rules and Company's contribution to provident fund and superannuation fund.
- In addition to the above remuneration, employees are entitled to gratuity, medical benefits, etc. in accordance with the Company's rules.
- The nature of employment in all cases is contractual.
- None of the employees mentioned above is relative of any Director of the Company.

II. Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010**A. Conservation of Energy:**

During the year under review, efforts continued to conserve and avoid wastage of energy in every possible way.

B. Technology Absorption:

Research & Development:

- Specific areas in which R & D carried out by the Company:
Further Developments in existing Testing Systems, Procedures and facilities for improving product quality and performance.
- Benefit derived as a result of the above R & D:
Improvement in the quality of products and reduction in rejections.
- Expenditure on R & D:
The expenditure on in-house R&D is shown under the respective heads and no separate account is maintained.
- Technology Absorption, Adaption and Innovation:
In order to keep abreast of the developments in technology, latest machines and testing equipment were regularly added to our facilities.

C. Foreign Exchange Earnings and Outgo:

- Activities relating to the exports, initiatives taken to increase exports:
Not Applicable.
- Total foreign exchange used and earned:

(Rupees in Lacs)

	2009-10 (12 Months)	2008-09 (12 Months)
Total foreign exchange used	40.71	418.38
Total foreign exchange earned	31.95	310.90

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Forward Looking Statements

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. Forward-looking statements are based on certain assumptions and expectations of future events and the Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The important factors that could make difference to the Company's operations includes the economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, change in Government regulations, tax laws and other statutory and numerous incidental factors. The Company assumes no responsibility to publicly amend or revise the forward-looking statements or any loss to the investors in the shares of the Company making investments relying on such forward-looking statements.

a) **Economy and Market Trends:**

Global Economy

The global economy continues to suffer due to severe recession caused by massive financial crisis in 2008-09, and thus resulting in acute loss of business confidence. Even though American economy is showing signs of recovery, however Euro Zone is now facing additional serious problem due to Greece, Spain and other high debt ridden countries.

Indian Economy

Indian economy has shown sign of recovery since second quarter of the financial year 2009-10. Industrial Sectors are showing healthy growth. GDP growth in the financial year 2009-10 is estimated to be around 8% and similar growth is expected in the financial year 2010-11.

About the Company

As informed to the members last year, the Company had executed Business Transfer Agreement (BTA) on 29th January, 2009 with M/s. Motherson Advanced Tooling Solutions Limited (MATSL) for the transfer of its specified business undertakings on slump sale basis subject to the terms and conditions mentioned in BTA. The conditions of the BTA have been complied with since then. Accordingly, the specified business undertakings have been transferred to MATSL from 1st June, 2009. The Company is looking for various opportunities including exploring new business for the Company, takeovers, diversification in similar line of business, Joint ventures, Strategic Partnerships, etc keeping in mind relevant laws and to ensure optimum utilization of its existing resources.

b) **Opportunities/Future Outlook:**

It is predicted that emerging economies like India would register a substantial growth in the coming decades as the Indian economy is characterized on strong fundamentals.

The Company is very closely monitoring the changes in the market conditions, and making all efforts to position itself, at the right time and at the right place.

The Company expects to improve its revenues and profitability by maximum utilization of its infrastructure and resources with continued efforts at containing costs and limited interruptions consistent with the need for growth. The Company looks forward to more varied and challenging opportunities.

c) **Segment-wise Performance:**

The segment wise performance in detail is given in Note 11 of Schedule 21 to the audited accounts of the Company as available in this Annual Report.

d) **Threats/Risks & Concerns:**

Normal business risk is associated with machining industry, such as need for continuous technological up-gradation to meet customer's high expectations and stringent quality requirements.

Increase in input costs, changes in tax structure, change in interest rates, change in government policies/ laws of land, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the Company. Profitability may be affected on account of competition from existing and prospective manufactures of the Company's products. Further, as the Company explores to diversify in similar line of business, Joint ventures, Strategic Partnerships, etc, the delay in Government approvals may also affect the performance of the Company.

All these risks are continuously reviewed by the management and acted upon.



f) **Internal Control Systems and their adequacy:**

Your Company continues to remain committed to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid down systems and policies are comprehensively and frequently monitored by your Company's management at all levels of the organization.

g) **Human Resources:**

Your Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment, in consonance with its belief that the real strength of its organization lies in its employees. Besides, focus is in developing second and third line of management, technological training for productivity improvement, team building and leadership training for higher organizational commitment of middle and junior management, by conducting trainings and workshops from time to time.

Industrial relations were cordial and satisfactory throughout the financial year.

h) **Financial highlights:**

a. **Sales**

Sales (net of Excise) and other income during the financial year 2009-10 was Rs. 545.93 Lacs against Rs. 3514.43 Lacs during the last financial year 2008-09.

b. **Profit/Loss**

During the financial year 2009-10, the Company has incurred a loss of Rs. 1609.41 Lacs as against loss of Rs. 659.36 Lacs before Tax in the financial year 2008-09. However, after taking into consideration tax adjustment and Deferred Tax Liability, the net loss of the Company during the year was Rs 1727.64 Lacs against net loss of Rs 525.42 Lacs for the year 2008-09.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Your Company believes to remain committed to good Corporate Governance by attainment of the highest levels of transparency, accountability and integrity to all its Shareholders, Customers, Employees, the Government and other business associates. Your Company's policies are targeted to ensure that high standard of ethical conduct is met throughout the Organization.

BOARD OF DIRECTORS

- a. The composition of the Board of Directors is in conformity with the corporate governance norms. The Company, at present, has six Directors on its Board, headed by Shri Yashovardhan Birla, as Non-Executive Chairman and five Non-Executive Directors, of which three are Independent Directors. The Board members have the skills, expertise & experience necessary to direct and guide the Company.

The Board Composition is as under:

Name of the Director	Category
Shri Yashovardhan Birla	Non Independent, Non-Executive Chairman
Smt. Avanti Birla	Non Independent, Non-Executive
Shri Vijay Agarwal	Independent, Non-Executive
Shri Shailesh Sheth	Independent, Non-Executive
Shri Rajesh Shah	Independent, Non-Executive
Shri Tushar Dey	Non Independent, Non-Executive

Note: Shri Tushar Dey was appointed as an Additional Director w.e.f. 31st May, 2010.

b. Board Meetings

In conformity with the provisions of the Act as well as the Company's Articles, the Board met at regular intervals to review the quarterly/annual results and to transact other business. When considered expedient additional meetings were convened and held. The Agenda for the Board meetings, containing relevant matters as requisite, are distributed in advance to all the Board members.

The Board met five times during the year ended 31st March, 2010, namely, on 15th May 2009, 30th July 2009, 27th October 2009, 29th January 2010 and 31st March 2010.

- c. The following table gives details of participation of the Directors of the Company during the financial year ended 31st March, 2010 in Board meetings and last Annual General Meeting (AGM) of the Company and interests of these Directors as on 31st March, 2010:

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM held on 30 th September 2009	No. of Directorship in other Public Ltd. Companies #	No. of Membership of other Board Committees *	No. of shares held in the Company
Shri Yashovardhan Birla	3	No	9	1 (as Chairman)	329145
Smt. Avanti Birla	1	No	1	--	--
Shri G.L. Lath **	5	Yes	9	--	850
Shri Vijay Agarwal	3	Yes	6	4 (1 as Chairman)	--
Shri Shailesh Sheth	4	No	3	1	--
Shri Rajesh Shah	5	No	2	2 (1 as Chairman)	--

Notes:

- # Excluding Private Companies and Companies under Section 25 of the Companies Act, 1956.
* Includes only Audit Committee and Shareholders'/Investors' Grievance Committee of Public Companies.
** Resigned as the Executive Director with effect from 2nd April, 2010
- None of the Director is a member in more than 10 committees or acts as Chairman of more than five committees across all companies in which he/she is a Director.
- Apart from receiving sitting fee, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management and associates, which may affect independence of the director.



Brief notes on the background and the functional expertise of the Directors proposed for re-appointment and appointment are furnished below, along with details of Companies in which they are Directors and the Board Committees of which they are members:

Name of the director	Shri Vijay Agarwal	Shri Rajesh Shah	Shri Tushar Dey
Date of Birth	29/06/1957	10/01/1953	21/11/1963
Date of appointment	31/10/ 2002	12/03/2007	31/05/2010
Educational Qualification	Chartered Accountant	Chartered Accountant	Company Secretary, Bachelors degree in General Law
Expertise in specific Functional areas	He is a Practicing Chartered Accountant for last 27 years and specializes in Corporate Advisory, Tax and Audit field.	He is a Chartered Accountant by qualification having 31 years of vast experience. He specializes in Tax and Audit field.	He is a Company Secretary and also holds bachelors degree in General Law. He has over 20 years of experience in handling legal and secretarial matters such as Mergers and Amalgamations, Corporate Restructuring, IPOs, IPR issues, Custom and Excise matters, Litigations, structuring of Joint Ventures and Corporate Governance Issues.
List of other directorship	<ol style="list-style-type: none"> 1. Birla Shloka Edutech Limited 2. Compuage Infocom Limited 3. Gujarat Themis Biosyn Limited 4. Themis Medicare Limited 5. Nucsoft Limited 	<ol style="list-style-type: none"> 1. Melstar Information Technologies Limited 2. Birla Power Solutions Limited 3. Mehta & Padamsey Surveyours (Bombay) Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Birla Shloka Edutech Limited 2. Birla AccuCast Limited 3. Birla Surya Limited 4. Birla Global Corporate Limited 5. Birla Kerala Vaidyashala Pvt. Ltd. 6. Birla Infrastructure Limited 7. Birla Pacific Medspa Limited
Chairmanship/ Membership of the committees of other Companies	<u>Audit Committee</u> <ol style="list-style-type: none"> 1. Birla Shloka Edutech Limited (Chairman) 2. Compuage Infocom Limited (Member) 3. Gujarat Themis Biosyn Limited (Member) 4. Themis Medicare Limited (Member) 	<u>Audit Committee</u> <ol style="list-style-type: none"> 1. Melstar Information Technologies Limited (Chairman) 2. Birla Power Solutions Limited (Member) 	<u>Investor Grievances Committee</u> <ol style="list-style-type: none"> 1. Birla Shloka Edutech Limited (Member)
Note	Shri Vijay Agarwal who retires by rotation being eligible, offers himself for re-appointment.	Shri Rajesh Shah who retires by rotation being eligible, offers himself for re-appointment.	Shri Tushar Dey was appointed as Additional Director w.e.f. 31 st May, 2010. The Company has received notice, along with requisite fee, from a member under Section 257 of the Companies Act, 1956 proposing candidature of Shri Tushar Dey as Director of the Company under the provisions of Section 257 of the Act.
No. of shares held	Nil	Nil	Nil

Disclosure of relationships between directors inter-se in the Annual Report as per Clause 49 of the Listing Agreement

None of the directors of the Company are related to each other except Shri Yashovardhan Birla and Smt. Avanti Birla who are husband and wife.

COMMITTEES OF THE BOARD**(A) AUDIT COMMITTEE****Broad Terms of Reference:**

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange, read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board of Directors from time to time. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

Meetings and attendance during the year:

During the year under report, five meetings of the Committee were held, viz. on 15th May 2009, 30th July 2009, 27th October 2009, 29th January 2010 and 31st March 2010.

The composition of the Audit Committee for the year ended 31st March, 2010 and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. of Meetings held during the year	No. of Meetings Attended
1	Shri Vijay Agarwal	Chairman	Independent and Non-Executive Director	5	3
2	Shri Shailesh Sheth	Member	Independent and Non-Executive Director	5	4
3	Shri Rajesh Shah	Member	Independent and Non-Executive Director	5	5

At its meetings, the Audit Committee reviewed the quarterly and annual financial results before the Board of Directors took the same on record. The Committee also reviewed Internal Audit Reports. The minutes of the meetings of the Audit committee are regularly placed before the Board. The Company Secretary acts as the Secretary to the Committee.

(B) SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**Broad Terms of Reference**

To examine and redress the complaints and grievances of shareholders of the Company, so as to direct and advise the RTA to ensure prompt redressal of complaints and grievances of the shareholders on any issue relating to the share transfer activity, to authorise issue of duplicate share certificates, to recommend to the Board appointment / removal of the Registrars and Share Transfer Agents and/or in the remuneration payable to them, etc.

The Composition of the Committee for the year ended 31st March 2010 is as under:

Sr. No.	Name	Title	Status
1.	Shri Vijay Agarwal	Chairman	Independent and Non-Executive Director
2.	Shri Shailesh Sheth	Member	Independent and Non-Executive Director
3.	Shri Rajesh Shah	Member	Independent and Non-Executive Director

During the year under review, the Committee met once, i.e. on 22nd March 2010. All the members were present at the meeting.

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Share Transfer Agents to ensure that the complaints/grievances of the investors are attended to without undue delay.

The Registrar and Share Transfer Agent (RTA) of the Company during the financial year under report received 3 complaints from the member and the same had been satisfactorily dealt with during the said period.

During the year, the Registrar had registered 16 transfers comprising 2091 shares and processed 52 requests for dematerialization of 9393 shares. There were no valid requests pending for share transfers at the end of the year.

(C) REMUNERATION COMMITTEE**Broad Terms of Reference**

The Remuneration committee was constituted on 30th October, 2007. The broad terms of reference are to determine and recommend to the Board, compensation payable to Directors and Managerial personnel.

During the year under review, a meeting of Remuneration committee was held on 30th July, 2009. All the members were present at the meeting.



The Composition of the Committee for the year ended 31st March, 2010 is as under:

Sr. No.	Name	Title	Status
1.	Shri Vijay Agarwal	Chairman	Independent and Non-Executive Director
2.	Shri Shailesh Sheth	Member	Independent and Non-Executive Director
3.	Shri Rajesh Shah	Member	Independent and Non-Executive Director

Remuneration Policy / Criteria with details of Remuneration

The Remuneration policy of the Company for its Executive Director(s) is guided mainly by the following factors:

- Responsibilities shouldered;
- Company / individual performance during the year;
- Practices prevailing in comparable organizations, i.e. competitive structure; and
- Transparent, fair and simple to administer as well as fully legal and tax compliant.

Details of sitting fees paid to Non-Executive Directors during the year under review is as under:

Name	Sitting Fees (in Rs.)
Shri Yashovardhan Birla	15000
Smt. Avanti Birla	5000
Shri Vijay Agarwal	27500
Shri Shailesh Sheth	35000
Shri Rajesh Shah	42500

Remuneration paid to Shri G.L. Lath as the Executive Director of the Company, for the financial year ended March 31, 2010 was Rs. 32,96,407.

The Company does not currently have a stock option plan or performance linked incentives for its Directors.

GENERAL BODY MEETINGS

Financial Year	AGM Date	Time	Location	Special Resolutions transacted at the AGMs
2006-07	21.09.2007	11.00 a.m.	1 st Pokhran Road, Thane (West) – 400 606	No special resolution passed
2007-08	30.09.2008	11.00 a.m.	Vedant Community Hall, Phase - III, Vedant Complex, 1 st Pokhran Road, Thane (West) – 400 606	No special resolution passed
2008-09	30.09.2009	11.00 a.m.	Vedant Community Hall, Phase- III, Vedant Complex, 1 st Pokhran Road, Thane (West) – 400 606	1. Alteration of Articles of Association. 2. Approval of remuneration of Shri G.L. Lath, Executive Director of the Company

There was no special resolution put through Postal Ballot. There is no business at the ensuing Annual General Meeting requiring implementation of the Postal Ballot under the applicable laws.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood the compliance with the Code of Conduct framed by the Company and confirmations for the year ended 31st March, 2010 have been obtained from the Directors and Senior Management Personnel of the Company.

The Code of conduct for Directors and Senior Managers as adopted by the Board has been posted on the web site of the Company.

CEO/CFO CERTIFICATE

The Board of Directors has received the requisite certificate as envisaged in Clause 49 (V) of the Listing Agreement.

DISCLOSURES

- a) There are no materially significant transactions with the related parties' viz. Promoters, Directors or the management, their subsidiaries or relatives, conflicting with Company's interest.

The register of contracts containing the transactions, in which Directors are interested, is regularly placed before the Board for its ratification and approval.

Suitable disclosures as required by the Accounting Standards (AS 18 – Related party transactions), has been made in the Note 13 in Schedule 21 to accounts in the Annual Report.

There is no pecuniary relations or transactions of non executive directors vis a vis the Company, which has potential conflict with the interest of the Company at large.

No penalty or strictures have been imposed on the Company by Stock Exchange, or SEBI, or any statutory authority on any matter related capital markets during the last 3 years.

- b) Risk Management: A risk management policy is in place, wherein key risks are categorised and assessed in terms of probability and its likely impact on the Company's business which are evaluated and report of the same are placed before the Board for review.
- c) Whistle Blower Policy: The Company does not have any whistle blower policy as of now but no personnel are being denied any access to the Audit Committee.

MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the unaudited financial results and audited results in the Performa prescribed by the Stock Exchange, Mumbai, where the shares of the Company are listed. The Company publishes its financial results every quarter in one English and one local language (Marathi) newspapers.

OTHERS

A firm of Company Secretaries periodically carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit reports confirm that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting:**

Day	Date	Time	Venue
Wednesday	September 29, 2010	11.00 a.m.	Vedant Community Hall, Phase- III, Vedant Complex, 1 st Pokhran Road, Thane (West) – 400 606

Dates of book closure	From September 23, 2010 to September 29, 2010 (both days inclusive)
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Financial Calendar:

- 1) First Quarter Results: On or before August 15, 2010
- 2) Second Quarter / Half yearly Results: On or before November 15, 2010
- 3) Third Quarter results: On or before February 15, 2011
- 4) Fourth Quarter / Audited Annual Results: On or before May 15, 2011/ May 31, 2011

Listing on Stock Exchange

The Company shares are listed on the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The annual listing fees of Bombay Stock Exchange Ltd. have been paid and there is no outstanding payment towards the Exchange, as on date.

Scrip code	: 505426
ISIN No. for the Company's Equity Shares in Demat form	: INE 989B01014
Depository Connectivity	: NSDL and CDSL
Registered Office of the Company	: S-2, 2nd Floor, Vedant Commercial Complex, Vartak Nagar, First Pokhran Road, Thane (West) - 400606



Registrar and Share Transfer Agent: The complete address of Registrar and Share Transfer Agent for communication is as follows:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Telephone : 2596 3838, 2594 6970
Fax : 2594 6969
E-mail Id: rnt.helpdesk@linkintime.co.in

Share Transfer System

The shares lodged for transfers and dematerialization are processed by the Registrar and Share Transfer Agent on a weekly basis and generally registered and returned within a period of 15 to 30 days from the date of receipt, if the documents are complete in all respects.

The Company has been obtaining half yearly certificates from a Company Secretary in Practice within 30 days from the close of the relevant period with regard to compliance of share transfer formalities as per the requirement of clause 47(c) of the Listing Agreement of the Stock Exchange, where the securities of the company are listed.

Market price data:

Dagger Forst Tools Limited			BSE Sensex	
Month	High (Rs.)	Low (Rs.)	High	Low
Apr 2009	11.99	7.27	11492.10	9546.29
May 2009	15.60	11.21	14930.54	11621.30
Jun 2009	15.90	12.45	15600.30	14016.95
Jul 2009	16.10	10.55	15732.81	13219.99
Aug 2009	18.10	13.80	16002.46	14684.45
Sep 2009	17.70	15.05	17142.52	15356.72
Oct 2009	16.50	12.65	17493.17	15805.20
Nov 2009	14.00	11.50	17290.48	15330.56
Dec 2009	14.47	12.75	17530.94	16577.78
Jan 2010	16.60	11.75	17790.33	15982.08
Feb 2010	14.20	12.00	16669.25	15651.99
Mar 2010	13.45	10.50	17793.01	16438.45

Source: www.bseindia.com

Distribution of Shareholding as at 31st March, 2010

No. of shares	No. of shareholders	No. of shares held	Shareholding %
Up to 500	7290	1339325	11.24
501-1000	928	764096	6.42
1001-2000	435	672156	5.65
2001-3000	139	348747	2.93
3001-4000	49	177609	1.49
4001-5000	46	216413	1.82
5001-10000	71	492179	4.13
10001 and above	66	7896613	66.32
Total	9024	11907138	100.00

Shareholding Pattern as at 31st March, 2010

	Category	No. of shares	% of holding
A	Promoters' holding		
1.	Individuals/Hindu Undivided Family	420517	3.53
2.	Bodies Corporate (including foreign promoter)	5784483	48.58
	Total (A)	6205000	52.11
B	Non-Promoters holding		
1.	Financial Institutions/ Banks	200	0.00
2.	Non Institution Corporate Bodies	793285	6.65
3.	Indian Public / Trusts/ Clearing Members	4873993	40.94
4.	NRIs & NRNRs	33810	0.29
5.	Shri G.L. Lath*	850	0.01
	Total (B)	5702138	47.89
	Total (A+B)	11907138	100.00

* Resigned as the Executive Director with effect from 2nd April, 2010

Dematerialisation of shareholding

The Company's shares are admitted into both the depositories viz National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the ISIN allotted for the equity shares of the Company is INE 989B01014. As on March 31, 2010, 1,14,27,640 number of Shares representing 95.97% of the Company's shares are held in demat form in the depositories.

Outstanding GDRs/ADRs

There are no GDRs/ADRs issued by the Company.

Non Mandatory requirements:

The Company has presently not adopted the non mandatory requirements in regard to sending of half yearly financial performance to the shareholders to their residence.



PRACTICING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Dagger Forst Tools Limited
S-2, 2nd Floor, Vedant Commercial Complex,
Vartak Nagar, First Pokhran Road,
Thane (W) – 400606

We have examined the compliance of conditions of Corporate Governance by Dagger Forst Tools Limited (“the Company”), for the year ended on 31st March 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 Company’s management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For **Rakesh Kapur**
Company Secretary

Rakesh Kapur
Sole Proprietor
FCS No. 3863
CP No. 2623

Place: Mumbai
Date: May 31, 2010

AUDITORS' REPORT

To,

**The Members of
Dagger Forst Tools Limited**

1. We have audited the attached Balance Sheet of Dagger Forst Tools Limited, as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by Central Government of India in terms of sub-section (4A) of Section 227(4A) of the Companies Act 1956, we give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we state that:-
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of the books;
 - c) the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors as at 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) Without qualifying our opinion, we invite attention to the following notes to Schedule "21" :
 - 1) note no 8 regarding delay in project implementation and project advances amounting to Rs.9,48,20,090. No provision for impairment is considered necessary based on the representation given by the management.
 - 2) note no 9 regarding company having sold all its undertakings and preparing the accounts on going concern basis, as explained in note mentioned therein.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & SHAH**
Chartered Accountants
Registration No:101720W

PARAG D. MEHTA
Partner
Membership No.: 113904

Place: Mumbai
Dated: 31st May, 2010



ANNEXURE TO AUDITORS' REPORT

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

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. No material discrepancies were noticed on such verifications.
- c) The Company has disposed off substantial part of fixed assets, during the year and the going concern status of the Company has been affected. However, as per the information and explanation given to us by the management (Refer note no. 9 of schedule 21), the Company's accounts have been prepared on a going concern basis.
- ii. a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of inventory records, we are of the opinion that the company is maintaining proper records of inventories as compared to book records.
However, there were no inventories during the major part of the year and at the end of the year.
- iii. a) During the year the Company has granted unsecured loans to two Companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is aggregating to Rs.6,81,85,958 and year end balance of aforesaid loans is amounting to Rs 5,51,85,958.
- b) The Company has taken a unsecured loans from three companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregating to Rs 10,32,85,115 and year end balance of the aforesaid loans is amounting to Rs NIL.
- c) In our opinion the rate of interest and other terms and conditions of above loans are prima facie not prejudicial to the interest of the Company.
- d) The principal and interest is payable on demand.
- iv. According to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets, sales of goods and services. We have not observed any continuing failure to correct major weaknesses in internal controls.
- v. a) According to information and explanation given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangement referred to in section 301 of the Companies Act, 1956 have been entered into a register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods & material and sale of goods, materials & services made in pursuance of contracts or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000 (Rupees Five Lacs only) or more in respect of each party, has been made at prices which are reasonable having regard to the prevailing market prices.
- vi. The Company has not accepted deposits from public hence directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- vii. In our opinion, the company internal audit system is commensurate with its size and nature of business.
- viii. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of activities carried on by the Company. Hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ix. a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investors Education Protection Fund, Sales-tax, Wealth tax, Services tax, Custom Duty, Cess and other statutory.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable except a sum of Rs.4,74,455 in respect of Service tax and Rs 12,743 in respect of Education cess since paid.
- c) According to the information and explanation given to us, there are no dues of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except, Rs. 2,55,823 for the period 2001-02 and 2002-03 which is pending before the joint commissioner of sales tax.
- x. In our Opinion, the accumulated losses of the Company are more than fifty percent of it's net worth as at March 31, 2010, and the Company has incurred cash loss during the financial year and in the immediately preceding financial year.
- xi. Based on our audit procedures and the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders, except for default in repayment of term loan aggregating to Rs. 1,15,50,000 and interest thereon to a financial institution aggregating to Rs. 39,65,730 for the period October 2008 to March 2009. During the year, the Company has repaid all its dues to banks and financial institutions as a result of transfer of its business undertakings.
- xii. In our opinion and according to the information and explanation given by us, no loans and advances have been granted by the Company on the basis of the security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provision of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanation given by the management, there is no outstanding guarantee given by the Company for loan taken by others from banks or financial institution. Therefore, the provision of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi. On the basis of review of utilization of funds pertaining to terms loans on overall basis and related information as made available to us, the term loan taken by the company has been utilized for the purpose for which they are obtained.
- xvii. According to information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2010, no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and companies, covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xix. The Company has not issued any debentures, hence clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. We have verified the end use of money raised by right – cum – public issue and the same has been disclosed in the notes to the financial statements (Refer note no.3).
- xxi. According to the information and explanation given to us, no fraud on or the Company has been noticed or reported during the year.

For **CHATURVEDI & SHAH**

Chartered Accountants
Registration No:101720W

PARAG D. MEHTA

Partner
Membership No.: 113904

Place: Mumbai

Dated: 31st May, 2010

**BALANCE SHEET AS AT 31ST MARCH 2010**

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders Funds:					
a) Share Capital	1	119,071,380		119,071,380	
b) Reserves & Surplus	2	<u>356,284,636</u>	<u>475,356,016</u>	<u>356,284,636</u>	<u>475,356,016</u>
Loan Funds:					
a) Secured Loans	3	776,075		209,030,458	
b) Unsecured Loans	4	<u>17,056,972</u>	<u>17,833,047</u>	<u>85,172,920</u>	<u>294,203,378</u>
Deferred Tax Liability			-		-
(Refer Note 10 of Schedule "21")					
TOTAL			<u><u>493,189,063</u></u>	<u><u>769,559,394</u></u>	
APPLICATION OF FUNDS					
Fixed Assets:					
a) Gross Block	5	11,634,858		893,742,676	
b) Less: Depreciation		<u>3,910,038</u>		<u>421,700,961</u>	
		7,724,820		472,041,715	
c) Less : Impairment of Fixed Assets		-		12,184,000	
		<u>7,724,820</u>		<u>459,857,715</u>	
d) Capital Work in Progress		<u>94,920,090</u>	<u>102,644,910</u>	<u>100,069,525</u>	<u>559,927,240</u>
Investments	6		-		-
Current Assets, Loans & Advances:					
a) Inventories	7	-		88,176,640	
b) Sundry Debtors	8	7,876,129		94,335,998	
c) Cash & Bank Balances	9	96,832,617		5,332,013	
d) Loans & Advances	10	<u>109,242,713</u>		<u>128,148,351</u>	
		<u>213,951,459</u>		<u>315,993,002</u>	
Less: Current Liabilities and Provisions:					
a) Current Liabilities	11	12,155,637		85,216,200	
b) Provisions		<u>16,150,282</u>		<u>53,328,366</u>	
		<u>28,305,919</u>		<u>138,544,566</u>	
Net Current Assets			185,645,540		177,448,436
Miscellaneous Expenditure (To the extent not written off or adjusted)	12		-		49,045
Profit and Loss Account			<u>204,898,613</u>		<u>32,134,673</u>
TOTAL			<u><u>493,189,063</u></u>	<u><u>769,559,394</u></u>	
Significant Accounting Policies and Notes to Accounts	21				

As per our report of even date

For and on behalf of Board of Directors

For CHATURVEDI & SHAH

Chartered Accountants

Tushar Dey

Director

Parag D. Mehta

Rajesh Shah

Director

Partner

Membership No.: 113904

Khyati Mashru

Company Secretary

Mumbai, 31 May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the Year ended 31.03.2010		For the Year ended 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Sales and Services	13	41,805,161		337,213,044	
Less: Excise Duty		5,015,783		30,638,489	
Net Sales			36,789,378		306,574,555
Other Income	14		17,803,132		44,868,868
			<u>54,592,510</u>		<u>351,443,423</u>
EXPENDITURE					
Variation in Stocks	15		8,185,909		3,922,073
Manufacturing & Other Expenses	16		15,761,016		129,680,952
Payments to & Provisions for Employees	17		28,342,931		155,428,400
Other Expenses	18		77,142,537		67,094,507
			<u>129,432,393</u>		<u>356,125,932</u>
Profit /(Loss) before Interest & Depreciation			<u>(74,839,883)</u>		<u>(4,682,509)</u>
Interest & Finance Charges	19		15,119,148		27,566,547
Depreciation			6,770,242		33,687,016
Profit /(Loss) Before Exceptional items			<u>(96,729,273)</u>		<u>(65,936,072)</u>
Exceptional items	20		<u>(64,211,667)</u>		<u>-</u>
Profit /(Loss) after exceptional item before Tax			<u>(160,940,940)</u>		<u>(65,936,072)</u>
Profit /(Loss) from Continuing Operations			<u>(18,154,247)</u>		<u>23,957,015</u>
Profit /(Loss) from Discontinued Operations			<u>(142,786,693)</u>		<u>(89,893,087)</u>
			<u>(160,940,940)</u>		<u>(65,936,072)</u>
Provision for Current Tax (Including Wealth Tax)			11,823,000		130,000
Provision for Tax (earlier year)			-		3,461,843
Provision for Deferred Tax (Assets)/Liabilities (Refer Note 10 of Schedule "21")			-		(18,485,648)
Provision for Fringe Benefit Tax			-		1,500,000
Profit / (Loss) after Tax			<u>(172,763,940)</u>		<u>(52,542,267)</u>
Add: Balance Brought forward from Previous Period			<u>(32,134,673)</u>		<u>20,407,594</u>
			<u>(204,898,613)</u>		<u>(32,134,673)</u>
APPROPRIATIONS					
Proposed Dividend			-		-
Corporate Tax on Dividend			-		-
Balance Carried to Balance Sheet			<u>(204,898,613)</u>		<u>(32,134,673)</u>
			<u>(204,898,613)</u>		<u>(32,134,673)</u>
Basic and Dilluted Earning Per Share of Face Value of Rs.10/- each (Refer Note 15 of Schedule "21")			<u>(14.51)</u>		<u>(4.41)</u>
Significant Accounting Policies and Notes to Accounts	21				

As per our report of even date

For and on behalf of Board of Directors

For CHATURVEDI & SHAH

Chartered Accountants

Tushar Dey

Director

Parag D. Mehta

Rajesh Shah

Director

Partner

Khyati Mashru

Company Secretary

Membership No.: 113904

Mumbai, 31 May 2010



	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
SCHEDULE-1				
SHARE CAPITAL				
AUTHORISED:				
30,000,000 (Previous Year 30,000,000) Equity Shares of Rs.10/- each		<u>300,000,000</u>		<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP:				
1,19,07,138 (Previous Year 1,19,07,138) Equity Shares of Rs.10/- each		<u>119,071,380</u>		<u>119,071,380</u>
Note:				
1) Of the above Equity Shares:				
4,83,330 (Previous year 4,83,330) Equity shares were allotted as fully paid Bonus Shares out of General Reserve.				
14,24,657 (Previous year 14,24,657) Equity shares were allotted on conversion of loan.				
SCHEDULE-2				
RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		2,250		2,250
Securities Premium				
As per last Balance sheet		186,331,985		186,331,985
General Reserve:				
Balance as per last account		169,950,401		169,950,401
TOTAL		<u><u>356,284,636</u></u>		<u><u>356,284,636</u></u>
SCHEDULE-3				
SECURED LOANS				
Loan From Banks:				
A. Long Term Loan from:				
Banks (Refer Note No.1)	-		76,865,094	
Add : Interest Accrued and due	-	-	<u>3,607,048</u>	80,472,142
B. Working Capital Term Loan from:				
Banks (Refer Note No.2)				10,362,995
C. Working Capital Loan from:				
Banks (Refer Note No.3)				117,642,746
D. Others				
Vehicle Loan (Refer Note No.4)		776,075		552,575
TOTAL		<u><u>776,075</u></u>		<u><u>209,030,458</u></u>

Notes:

- 1) Long Term Loans from Banks :
- Loan referred to in 'A' above to the extent of Rs. NIL (Previous Year Rs. 7,29,00,009/-) is secured by way of pari passu first charge over the company's immovable properties together with the building and other moveable fixed assets erected or installed thereon present and future and pari passu second charge over the company's current assets including receivables both present and future.
 - Loan referred to in 'A' above to the extent of Rs. NIL (Previous Year Rs. 4,12,230/-) is secured by way of pari passu first charge over the Company's immovables properties together with the building and other moveable fixed assets erected or installed thereon present and future and pari passu second charge over the company's stock of raw materials, semi finished goods and consumables stores both present and future.
 - Loan referred to in 'A' above to the extent of Rs. NIL (Previous Year Rs. 7159903/-) is secured by way of mortgage, of immovable property situated at Vedant Commercial Complex, Thane.
- 2) Working Capital Term Loan from Bank is secured by way of a pari passu first charge over the Company's immovables properties together with the building and other moveable fixed assets erected or installed thereon present and future and pari passu second charge over the company's stock raw materials, semi finished and finished goods and consumables stores both present and future.
- 3) Working Capital loan is secured by way of hypothecation of inventory including raw material, Semi finished and finished goods, book debts (present and future), stores and spares not related to plant and machinery (consumables stores and spares) of the company and second charge on immovables properties together with the building and other moveable fixed assets erected or installed thereon present and future.
- 4) Vehicle Loans are secured by hypothecation of respective vehicles in favour of Banks.

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
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SCHEDULE-4**UNSECURED LOAN**

A. Sales Tax Deferment Loan		
i) From Maharashtra Energy Development Agency. (WIPS 98)	17,056,972	28,820,673
ii) From State Industrial & Investment Corporation of Maharashtra Ltd.	-	26,878,143
B. Inter Corporate Deposits #	-	27,900,000
C. Interest Accrued and due #	-	1,574,104
TOTAL	<u>17,056,972</u>	<u>85,172,920</u>

Notes :

Loan Repayable with in next twelve months Rs NIL (Previous Period Rs.2,94,74,104/-)



SCHEDULE 5 - FIXED ASSETS AS ON 31.03.2010

Particulars	GROSS BLOCK			DEPRECIATION U/S 205 (2) (B)				NET BLOCK		
	As on 01.04.2009	Addition	Deductions / Transfers	As on 31.03.10	Upto 31.03.09	For the Year	Deductions / Transfers	Upto 31.03.10	Net as at 31.03.10	Net as at 31.03.2009
Freehold Land	195,000	-	195,000	-	-	-	-	-	-	195,000
Leasehold Land	10,798,412	-	10,798,412	-	824,845	24,536	849,381	-	-	9,973,567
Building	77,412,897	-	77,412,897	-	17,768,101	490,712	18,258,813	-	-	59,644,797
Residential Flats	1,655,433	-	1,655,433	-	250,273	4,450	254,723	-	-	1,405,160
PLANT & MACHINERY	750,954,563	337,737	751,292,300	-	375,701,902	4,683,273	380,385,175	-	-	375,252,660
Electrical Installations	12,703,587	-	12,703,587	-	6,059,655	99,135	6,158,790	-	-	6,643,932
FURNITURE & FIXTURES	21,987,365	256,210	19,668,866	2,574,709	14,089,811	457,051	13,939,570	607,292	1,967,417	7,897,554
Vehicles	18,026,755	1,439,178	10,405,784	9,060,149	6,997,709	1,011,085	4,706,048	3,302,746	5,757,403	11,029,045
TOTAL:	893,734,012	2,033,125	884,132,279	11,634,858	421,692,296	6,770,242	424,552,500	3,910,038	7,724,820	472,041,715
Less : Impairment of Fixed Assets										
	893,734,012	2,033,125	884,132,279	11,634,858	421,692,296	6,770,242	424,552,500	3,910,038	7,724,820	459,857,715
Previous Year	893,867,275	12,521,168	12,645,767	893,742,676	396,191,503	33,687,016	8,177,558	421,700,961	459,857,715	497,675,771
Capital Work in Progress	-	-	-	-	-	-	-	-	94,920,090	100,069,525
GRAND TOTAL:	893,734,012	2,033,125	884,132,279	11,634,858	421,692,296	6,770,242	424,552,500	3,910,038	102,644,910	559,927,240

1. Vehicle includes assets taken on Hire Purchase Rs.14,39,178/- Gross Rs 1305078.15 Net (previous Period Rs.5,52,575/- Net)

2. Capital Work in Progress includes Rs. 9,49,20,090/- (Previous year Rs.9,48,20,090/-) advance against capital expenditure

3. Net Block of the Company is higher by Rs. NIL (previous year Rs. 1,21,84000/-), against the net consideration receivable by the company for sale of Assets under the Business Transfer Agreement entered by the company on 29.01.2009, hence the difference is considered as Impairment Loss.

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE--6		
INVESTMENTS	-	-
LONG TERM INVESTMENTS - NON TRADE		
Unquoted :	-	-
Government Securities:	-	-
(Deposited with Excise Authorities)		
National Savings Certificates **		
Kisan Vikas Patra **		
In Equity Shares - Fully Paid up NIL (Previous year 27,10,000) fully paid up Equity Shares of Rs. 10 each of Birla Accucast Ltd. (Formerly known as Birla Perucchini Ltd.) *	-	-
* Written off in the financial year 2003 - 04 Rs. 2,99,00,000/-		
** Written off in the financial year 2008 - 09 Rs. 5,000/-		
	-	-

SCHEDULE--7**INVENTORIES:**

(As taken, valued and certified by the Management)

Stores and Spares	-	14,062,196
Raw Materials and Components	-	34,992,726
Work in Progress	-	16,794,906
Finished Goods	-	22,326,812
TOTAL	-	88,176,640

Notes :

Raw Material / Stores and Spares includes stock in transit Rs.NIL
(Previous year Rs. 3,07,323/-)

SCHEDULE--8**SUNDRY DEBTORS (UNSECURED) #**

Debts outstanding for a period exceeding six months:

Considered good	7,876,129	29,520,876
Considered doubtful	-	5,965,023
	7,876,129	35,485,899
Other Debts:		
Considered good	-	64,815,122
	7,876,129	100,301,021
Less : Provision for Bad/Doubtful debts	-	5,965,023
TOTAL	7,876,129	94,335,998

Amount due from Private Limited Companies in which Director is a Director or Member Rs. NIL (Previous Period Rs 1,05,890/-)



	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE--9		
CASH AND BANK BALANCES:		
I. Cash on Hand	98,832	196,766
II Cheques on Hand	-	868,039
III Balance with Scheduled Banks:		
In Current Accounts	6,398,155	3,962,615
In Dividend Accounts	203,305	205,608
In Margin Money Account (given as security against Bank Guarantees)	109,205	98,985
In Fixed Deposit Account	90,023,120	-
TOTAL	96,832,617	5,332,013

SCHEDULE -- 10**LOANS & ADVANCES (Unsecured, Considered good):**

Advances recoverable in cash or in kind or for value to be received	42,785,069	45,257,027
Loans and Advances to Employees	-	1,057,409
Advance Income Tax (Net of Provision)	2,457,695	2,457,695
Fringe Benefit Tax (Net of Provision)	311,504	274,848
Balance with Central Excise Authority	-	6,056,253
Deposits	3,282,485	7,859,161
Inter Corporate Deposit	55,185,958	65,185,958
Receivable from MATSL against BTA	5,220,002	-
TOTAL	109,242,713	128,148,351

Notes :

- a) Advance recoverable in cash or kind includes amount due from Private Limited Companies in which Director is a Director or member Rs. 5,67,677/- (Previous Year Rs. 5,62,907/-)
- b) Deposit includes amount from a Private Limited Company in which Director is a Director or Member Rs. 25,00,000/- (Previous Year Rs. 25,00,000/-)

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE--11		
CURRENT LIABILITIES & PROVISIONS:		
A) <u>Current Liabilities:</u>		
Sundry Creditors :		
- Micro and Small Enterprises (Refer Note No 5 of Schedule " 21 ")	-	-
- Others for Services	205,789	60,738,702
Advances from Customers	3,774,035	14,217,273
Unclaimed Dividend *	203,305	205,608
Other Liabilities	7,972,508	9,399,270
Interest Accrued but not due	-	655,347
	12,155,637	85,216,200
* There are no amount due and outstanding to be credited to Investor Education and Protection Fund.		
B) <u>Provisions:</u>		
1) Fringe Benefit Tax (Net of Advance Tax)	36,275	1,536,275
2) I. Tax and Wealth Tax (Net of Advance Tax)	10,418,594	863,034
3) Leave Encashment	1,414,002	11,491,969
4) Gratuity	4,281,411	39,437,088
	16,150,282	53,328,366
TOTAL (A + B)	28,305,919	138,544,566

SCHEDULE--12**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Voluntary Retirement Compensation (Gross)	49,045	1,034,718
Less: Charged to Profit and Loss A/c	49,045	985,673
(Refer Note No. 20 of Schedule "21")		
TOTAL	-	49,045



	Rupees	For the Year ended 31.03.2010 Rupees	Rupees	For the Year ended 31.03.2009 Rupees
SCHEDULE--13				
SALES and SERVICES :				
Finished Goods (Including Scrap)		39,864,590		323,721,458
Job Work		1,940,571		13,491,586
TOTAL		<u>41,805,161</u>		<u>337,213,044</u>
SCHEDULE--14				
OTHER INCOME :				
Miscellaneous Income		965,777		1,158,849
Interest (Gross):				
From Banks	2,990,631		192,523	
From Others	<u>7,326,451</u>	<u>10,317,082</u>	<u>13,450,789</u>	13,643,312
(Tax deducted at source Rs.15,37,780/- Previous Period Rs.2,15,721/-)				
Excise Duty Gain/Loss on Stock		1,053,690		-
Sales Tax and Excise Duty Incentive		1,777,377		4,585,325
DEPB Entitlement against Exports		144,097		1,789,643
Excess Liability and Provisions written back		827,923		146,350
Commission on Sale of Property		-		16,865,958
Profit on Sale of Investment		2,710,000		6,218,687
Foreign Exchange Fluctuation (Net)		7,186		460,744
TOTAL		<u>17,803,132</u>		<u>44,868,868</u>
SCHEDULE--15				
VARIATION IN STOCK :				
CLOSING STOCK:				
Finished Goods (Including Scrap and Job)		-		22,326,812
Work in Progress		-		16,794,906
TOTAL		-		<u>39,121,718</u>
OPENING STOCK:				
Finished Goods (Including Scrap and Job)		22,326,812		20,776,215
Work in Progress		16,794,906		22,267,576
		<u>39,121,718</u>		<u>43,043,791</u>
Less : Stock Discarded / Written off tfd to Exceptional Items		20,924,192		
Less : Transferred to MATSL				
Finished Goods (Including Scrap and Job)		31,351		-
Work in Progress		9,980,266		-
		<u>30,935,809</u>		-
TOTAL		<u>8,185,909</u>		<u>3,922,073</u>

	Rupees	For the Year ended 31.03.2010 Rupees	Rupees	For the Year ended 31.03.2009 Rupees
SCHEDULE--16				
MANUFACTURING & MAINTENANCE EXPENSES:				
Raw Materials and Components Consumed		6,893,447		85,963,345
Stores and Spares consumed		1,365,268		14,191,451
Sub-Contract expenses		677,522		5,702,797
Power, Fuel & Water		5,607,889		17,677,250
Repairs and Maintenance to:				
- Building	2,660		274,089	
- Machinery	532,189		4,186,869	
- Others	682,041	1,216,890	1,685,151	6,146,109
TOTAL		15,761,016		129,680,952

SCHEDULE--17				
PAYMENTS TO & PROVISIONS FOR EMPLOYEES:				
Salaries, Wages, Bonus, Exgratia, Leave and Gratuity etc.		24,502,697		133,213,184
Contribution to Provident and Other Funds		1,341,569		7,876,645
Welfare Expenses		2,498,665		14,338,571
TOTAL		28,342,931		155,428,400



	For the Year ended 31.03.2010	For the Year ended 31.03.2009
Rupees	Rupees	Rupees
SCHEDULE-- 18		
OTHER EXPENSES:		
Lease Rent	-	2,045,756
Rent	2,089,155	7,239,528
Rates and Taxes	1,125,098	341,087
Insurance	158,936	908,684
Postage and Telephone Charges	1,001,723	3,185,781
Liaison Service Charges	-	1,586,146
Travelling and Conveyance	5,294,937	10,499,297
Director's Remuneration	3,296,407	-
Directors' Sitting Fees	125,000	167,500
Professional Charges	6,480,595	3,230,233
Audit Fees	250,000	350,000
Sundry DR / CR Bal W/off/back (Net)	2,181,425	274,414
Sundry Debtors Written off (Net of Provision for Doubtful Debts Rs.59,65,023/-)	32,390,991	-
Miscellaneous Expenses	4,341,733	10,229,775
Advertising, Publicity and Selling Expenses	1,535,451	4,934,974
Loss on Sale of Assets (Net)	-	169,206
Loss on Scrapping / discard of fixed assets (Net of Impairment)	6,682,669	3,783,103
Loss on Impairment of Fixed Assets	-	12,184,000
Provision for bad/doubtfull debt	-	5,965,023
Loss on Sale of Raw material and stores	8,420,417	-
Warranty for replacement Charges	1,768,000	-
TOTAL	77,142,537	67,094,507
SCHEDULE-- 19		
INTEREST:		
On Fixed Loans	2,741,157	10,558,640
Others	12,377,991	17,007,907
TOTAL	15,119,148	27,566,547
SCHEDULE--20		
EXCEPTIONAL ITEMS :		
Gratuity Payment	20,711,844	-
Stock Discarded / W/off	20,924,192	-
Assets Transfer Charges	6,545,023	-
Fixed Assets W/off and Discarded	1,507,715	-
Loss on Sale of Raw Material and Stores	1,601,791	-
Excise duty Loss	1,587,602	-
Sundry Dr/ Cr Bal. W/off	1,380,988	-
Sales Tax Expenses	3,138,818	-
Repair and Maintenance Prior to BTA	6,813,694	-
TOTAL	64,211,667	-

SCHEDULE – 2 I**NOTES****I. ACCOUNTING POLICIES****i) BASIS OF ACCOUNTING:**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956, except for certain fixed assets, which are revalued.

ii) USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

iii) REVENUE RECOGNITION:

Revenue from the sale of goods is recognized on the passing of title to the customers, which generally coincides with the dispatch.

iv) LEASE TRANSACTIONS:

Lease Rentals from assets taken on lease are accounted for in terms of the guidance note on accounting for leases issued by The Institute of Chartered Accountants of India as the lease agreement were entered in to prior to 1st April 2001.

v) FIXED ASSETS:

Fixed Assets are stated at cost net of Modvat / Cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges of foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized

vi) DEPRECIATION / AMORTISATION:

a) Depreciation on Fixed Assets is provided on 'Straight Line Method' in terms of Section 205(2)(B) of the Companies Act, 1956 on the following basis.

- i) On Fixed Assets installed upto 30th June 1987 - at the rates corresponding to the rates applicable under Income-tax Rules in force at the time of acquisition/purchase of the respective assets.
- ii) On Fixed Assets installed from 1st July 1987 onwards - at the rates specified in Schedule XIV to the Companies Act, 1956 as amended from time to time on a prorata basis except revalued assets on which depreciation is provided on the remaining useful life of the assets.

b) Depreciation on the amount of additions to fixed assets on account of exchange difference is provided over the remaining life of such assets.

c) Cost of Leasehold land is amortized over a primary period of lease.

vii) BORROWING COST:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalized as part of the total cost of the Assets.

viii) INVESTMENTS:

Long-term investments are stated at cost / book value unless there is diminution other than temporary, in the value of investments, in which case, investments are stated at fair values.

ix) VALUATION OF INVENTORIES:

Inventories are valued as follows:

Stores, Spares, etc.	:	At Weighted Average Cost
Raw Materials, Components, etc.	:	At Cost on specific identification or net realizable value whichever is lower.
Scrap	:	At Estimated Realizable Value
Work in Progress & Finished Goods/ Finished Jobs	:	At Estimated Cost or Net Realizable Value, whichever is lower

x) FOREIGN CURRENCY TRANSACTIONS:

Transactions arising in foreign currencies are converted at the rates closely approximating the rates ruling on the transaction dates. All monetary assets and liabilities at the year / period end are reinstated at the closing exchange rates. All exchange rate differences arising from conversion in terms of the above are charged to Profit & Loss Account.



xi) EMPLOYEE BENEFITS:

- (i) Short-term employee benefits are recognized as an expense in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment and other long-term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

xii) PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax is made after taking into consideration benefits under the provisions of the Income tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

xiii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

xiv) IMPAIRMENT OF FIXED ASSETS:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price or the value in use determined by the present value of estimated future cash flows.

xv) SHARE ISSUE EXPENSES:

Issue expenses are adjusted against the Share Premium.

2. A) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance) Rs. 5,66,47,459/- (Previous Year Rs. 5,70,79,319/-).

B) Contingent Liabilities: -

- a) Bank Guarantee outstanding Rs. 1,26,560/-.(Previous Year Rs. 15,76,561/-)
- b) Disputed Sales Tax, Excise Duty, Income Tax and other Statutory dues under appeal Rs. 1,076,743/- (Previous Year Rs. 8,82,095/-).
- c) Claims against the Company not acknowledged as debts Rs. 2,81,331 /-.(Previous Year Rs. 6,94,723/-).

C) Sales Tax demand for Rs.1,36,83,963/-

The Company has already paid Rs.1,36,83,963/- to Director of Industries for obtaining the No Objection Certificate. On 2nd February, 2010 the Company has taken up the matter with Director of Industries to transfer the amount received by it to the credit of Sales Tax Account. The Director of Industries agreed to transfer this amount to the credit of Sales Tax Department, Government of Maharashtra to regularizing the payment entries by way of rectification of error.

In view of the above, Company does not expect any adverse effect on its financial conditions, results of operations or its cash flows.

3. Utilization of proceeds of public/ right issue as on 31st March 2010 is as under:

Sr. no	Description	Total Estimated Cost	Deployed up to 31st Mar'10	Deployed up to 31st Mar'09
I.	Aurangabad Project:			
	-Building	1,20,00,000	1,03,95,000	1,02,95,000
	-Plant, Machinery & Electrical	13,65,50,000	8,45,25,090	8,44,75,090
	-Miscellaneous Fixed Assets	3,29,36,000	-	-
	-Contingencies	1,85,00,000	-	-
	-Pre Operative Expenses	80,00,000	-	-
II.	Margin money for Working capital requirement for Aurangabad Project	50,00,000	-	-
	Sub-total	21,29,86,000	9,49,20,090	9,47,70,090

III.	Conversion of unsecured loan into equity raised by Company for setting up the Gandhidham Project from Nirved Traders Pvt Ltd, Promoter Company	4,70,13,681	4,70,13,681	4,70,13,681
IV	To meet expenses of issue	3,00,00,319	2,76,42,484	2,76,42,484
	Total	29,00,00,000	16,95,76,255	16,94,26,255

As per the Prospectus, the funds which were proposed to be deployed in the Aurangabad Project upto the period ended 30th September, 2008 was envisaged at Rs. 21,29,86,000/-. However, the actual amount spent towards the above is Rs. 9,49,20,090/-.

In view of delay in implementation of the Aurangabad project, the balance amount of Rs. 11,69,20,244/- has been utilized for funding the company's Working Capital requirements and for Inter Corporate Deposits given to group companies. The utilization of the said funds is not exactly in line with the Prospectus.

4. Discontinued Operation:

As per the requirement of Accounting Standard – 24 (AS-24) notified under Companies (Accounting Standard) Rules, 2006, is given as under:

On 22nd January 2009, the Board of Directors of the Company approved the sale of business undertakings of the Company, located at Aurangabad, Ambarnath and Gandhidham, to Motherson Advanced Tooling Solutions Limited (MATS) for a consideration of Rs.46.64 Crores subject to the terms and conditions of Business Transfer Agreement (BTA) executed on 29th January 2009. The Company manufactures Broaches and Gear Cutting Tools at these undertakings, however, these products are subject to frequent obsolescence of technology. In absence of new technologies available for the manufacture of the aforesaid products, the Company has adopted strategy to focus on businesses which would help to achieve a optimum utilization of the existing resources. Therefore, a conscious decision has been taken by the Company to dispose of the business undertakings involved in the existing line of business and concentrate on machining and other lines of businesses, similar to the existing business, which will have better Economic Value Add (EVA). Accordingly, the specified business undertakings have been transferred from 1st June, 2009. The carrying amount of the assets of the undertakings transferred was Rs.54,66,59,149/- and its liabilities were Rs. 8,02,78,149/- which was actually transferred to MATS all the transfer formalities were completed on March 4, 2010 on compliance with all the conditions precedent pursuant to the BTA.

The following statement shows the revenue and expenses of continuing and discontinuing/ discontinued operations:

	2009-2010			2008-2009		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinuing Operations	Total
Turnover including Other Income	1,30,30,672	4,15,61,838	5,45,92,510	3,65,35,434	31,49,07,989	35,14,43,423
Operating Expenses	2,25,39,985	7,85,49,477	10,10,89,462	45,11,500	18,40,02,032	18,85,13,532
Impairment Loss	--	--	--	--	1,21,84,000	1,21,84,000
Provision for Employees	<u>43,08,891</u>	<u>2,40,34,040</u>	<u>2,83,42,931</u>	<u>50,07,370</u>	<u>15,04,21,030</u>	<u>15,54,28,400</u>
Pre Tax Profit/ (Loss) from Operating Activity	<u>(1,38,18,204)</u>	<u>(6,10,21,679)</u>	<u>((7,48,39,883))</u>	<u>2,70,16,564</u>	<u>(3,16,99,073)</u>	<u>(46,82,509)</u>
Interest Charges	28,99,957	1,22,19,191	1,51,19,148	21,48,606	2,54,17,941	2,75,66,547
Depreciation	14,36,086	53,34,156	67,70,242	9,10,943	3,27,76,073	3,36,87,016
Exceptional Items	--	6,42,11,667	6,42,11,667	--	--	--
Profit/(Loss) before tax	<u>(1,81,54,247)</u>	<u>(14,27,86,693)</u>	<u>(16,09,40,940)</u>	<u>2,39,57,015</u>	<u>(8,98,93,087)</u>	<u>(6,59,36,072)</u>

5. In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises development Act, 2006, the information required under the said Act could not be complied and disclosed.
6. Director's Remuneration (excluding contribution to gratuity fund and provision for leave encashment on retirement).

		31.03.2010	31.03.2009
i) Salary		31,44,622	NIL
ii) Provident Fund Contribution		NIL	NIL
iii) LTA		1,51,785	NIL
Total		32,96,407	NIL



7. In the opinion of the Board, Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, unless stated otherwise.
8. The Company during the previous financial years 2007-08 and 2008-09, incurred capital expenditure aggregating to Rs. 9,48,20,090/- (including Capital Advances of Rs.9,48,20,090/-) for the acquisition and construction of Plant and Machinery, Electrical Equipment and Building structure for installation of machining facilities. There has been delay in the implementation of the machining project, accordingly the advances, made to the suppliers, have not been entirely appropriated towards the supplies.
No provision for impairment is considered necessary by the management at this stage.
9. The Company has sold all its business undertakings to M/s Motherson Advanced Tooling Solutions Limited as explained in note number 4 of Schedule 21. In addition to the machining project, the management of the company is exploring various other opportunities in the business of cutting tools and / or machining of castings including but not limited to merger / amalgamation with companies in similar line of business thereby facilitating the Company to optimize its operations. In the light of the above, the accounts have been prepared on a going concern basis.

10. Deferred Taxation

Major Components of Deferred Tax Assets and Deferred Tax Liabilities arising out of significant timing differences are as under:

Sl. No.	Particulars	Upto 31.03.2010	Upto 31.03.2009
A.	Deferred Tax Liability		
	Depreciation	2,47,013	2,61,14,454
	TOTAL (A)	2,47,013	2,61,14,454
B.	Deferred Tax Assets		
1.	Disallowance U/S 43B of Income Tax Act, 1961	4,80,619	45,68,422
2.	Provision for Doubtful Debts	-	20,27,511
3.	Provision for Gratuity	14,55,252	1,34,04,666
4.	Voluntary Retirement Scheme Payment	2,17,769	50,335
5.	Carried forward Loss	6,39,550	1,29,90,487
	TOTAL (B)	27,93,190	3,30,41,422
	Net Deferred Tax Liability / (Assets)	(25,46,177)	(69,26,968)

Deferred Tax assets and liabilities are being offset as they relate to taxes on income levies by the same governing taxation law.

Deferred Tax assets have not been considered as a matter of prudence.

11. Segment Reporting

The Company is mainly engaged in the manufacturing and machining of casting and cutting tools, however during the year and the previous year the Company has not done trading business however the primary segment as per the requirement of Accounting Standard – 17 notified under Companies (Accounting Standard) Rules, 2006, is given as under. The Company operates within and outside India; Revenue from outside India is insignificant hence the secondary segment information is not given.

Sr No.	Particulars	Amount in Rs. Accounting Year Ended 31.03.2010	Amount in Rs. Accounting Year Ended 31.03.2009
1	Segment Revenue:		
	Net Sales/Income		
	a Manufacturing	3,67,89,378	30,65,74,555
	b Trading	--	--
	Total	3,67,89,378	30,65,74,555
	Less: Inter Segment Revenue	--	--
	Net Sales/Income from Operations	3,67,89,378	30,65,74,555
2	Segment Results:		
	Profit (+) / (Loss)(-) before Tax and Interest		
	a Manufacturing	(6,63,52,245)	(7,50,97,483)
	b Trading	--	--
	Total	(6,63,52,245)	(7,50,97,483)
	Less: Un-allocable Expenses	2,82,84,962	--
	Add: Un-allocable Income	1,30,27,082	3,67,27,957
	Total Profit (+) /Loss (-) before Interest and Tax	(8,16,10,125)	(3,83,69,526)

Sr No.	Particulars	Amount in Rs. Accounting Year Ended 31.03.2010	Amount in Rs. Accounting Year Ended 31.03.2009
	Less: (1) Interest	1,51,19,148	2,75,66,546
	(2) Exceptional items	6,42,11,667	–
	Total Profit (+) /Loss (-) before Tax	(16,09,40,940)	(6,59,36,072)
	Less: Tax	(1,18,23,000)	(1,33,93,805)
	Profit (+) /Loss (-) after Tax	(17,27,63,940)	(5,25,42,267)
	Capital Employed: (Segment Assets - Segment Liabilities)		
	a Manufacturing	9,76,66,283	73,73,75,676
	b Trading	--	--
	Unallocable	19,05,25,167	--
	Total	28,82,90,450	73,73,75,676

Manufacturing activities have been discontinued with effect from 1st June, 2009. Therefore, Capital employed other than manufacturing activities has been considered as unallocable.

12. Employee Benefits:

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) notified under Companies (Accounting Standard) Rules, 2006, and as required by the standard, the following disclosure are made:

i) **Define Contribution Plans:** The company makes contributions at a specified percentages of pay roll cost towards Employees Provident Fund (EPF) for qualifying employees. The Company recognized Rs.12,89,424/- (Previous Year Rs.75,61,032/-) for Provident fund contribution in the profit and loss account.

ii) Define Benefit Plan:

Gratuity:

Gratuity is payable to eligible employees of the Company on superannuation, death, retirement and resignation as per the Company's scheme. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit and measures each unit separately to build up the final obligation.

Sr. No.	Particulars	As at 31 st March 2010 (Rs.)	As at 31 st March 2009 (Rs.)
I	Reconciliation in Present Value of Obligations (PVO) – defined benefit obligation:		
	PVO at the beginning of the year	34,79,700	3,58,64,912
	Interest Cost	2,85,686	28,69,721
	Current Service Cost	91,381	16,76,921
	Benefit Paid	--	(75,60,817)
	Actuarial (gain)/loss on obligations	8,98,383	69,88,770
	PVO at the end of the year	47,55,150	3,98,39,507 #
II	Net cost for the year ended 31st March, 2010		
	Current Service Cost	91,381	16,76,921
	Interest Cost	2,85,686	28,69,721
	Actuarial (gain) / loss	8,96,200	(8,42,286)
	Net Cost	12,38,337	39,74,595
III	Balance with Life Insurance Corporation of India:	4,73,739	4,02,420
IV	Assumptions used in accounting for Gratuity Plan:		
	Discount Rate Current	8.00%	8.00%
	Salary Escalation Current	5.00%	4.00%

In the previous year, the Company has valued the actuarial liability of gratuity on the basis of payment of Gratuity Act, which is not in line with Company's scheme. However during the year, the company has valued Gratuity Liability on the basis of Company's scheme.

**Other disclosures:**

	2009-2010	2008-2009	2007-2008
Present value of defined benefit obligation	47,55,150	3,98,39,507	3,58,64,912
Fair value of plan assets	4,73,739	4,02,420	4,02,420
(Deficit) / Surplus of the plan	(42,81,411)	(3,94,37,087)	(3,54,62,492)
Experience adjustments on defined benefit obligation [loss / (gain)]	12,85,603	_*	_*
Experience adjustments on fair value of plan assets [(loss) / gain]	2,183	_*	_*

* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

Other long-term employee benefits:

The liability towards compensated absences for the year ended 31st March, 2010 based on actuarial valuation carried out using the Projected Accrued Benefit Method amounting to Rs.31,63,108/-(previous year Rs.28,55,531/-) has been recognized in the profit and loss account.

13. As per Accounting Standard AS – 18 "Related Parties Disclosure" notified under Companies (Accounting Standard) Rules, 2006, related party information are as follows:

Relationships:

- (a) Where control exists:

Associate Companies:

- (1) Birla Accu Cast Ltd.
- (2) Birla Bombay Pvt. Ltd.
- (3) Birla International Pvt. Ltd.
- (4) Birla Electricals Ltd.
- (5) Birla Precision Technologies Ltd.
- (6) Birla Capital & Financial Services Ltd.
- (7) Birla Power Solutions Ltd
- (8) Godavari Corporation Pvt. Ltd.
- (9) Birla Viking Travels Pvt. Ltd.
- (10) Zenith Birla (India) Ltd
- (11) Birla Shloka Edutech Ltd
- (12) Birla Global Corporate Pvt. Ltd.
- (13) Nirved Traders Pvt. Ltd.
- (14) Birla Infrastructure Ltd
- (15) Asian Distributors Pvt. Ltd
- (16) Shloka Software Pvt. Ltd
- (17) Shloka Peripherals Pvt Ltd
- (18) Shearson Investment & Trading Co.PLtd

- (b) Key Management Personal:

- (1) Shri G. L. Lath - Executive Director

Transactions with Related Parties during the year:

Particulars	Associated Companies		Key Management Personnel	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Purchases:				
Goods and materials	4,87,026	25,39,311		
Sales:				
Goods and materials	1,93,86,810	21,91,635		
Job Work	-	93,946		

Particulars	Associated Companies		Key Management Personnel	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Expenses:				
Rent and Other Services	11,53,212	40,28,298		
Interest	28,50,450	15,74,104		
Directors Remuneration	--	--	32,96,407	--
Traveling Expenses	26,63,603	21,20,331		
Electricity	-	13,79,398		
Other Loss	88,47,445	-		
Reimbursement of Expenses (net)	14,92,096	-		
Sundry Expenses	-	89,685		
Bad Debts written off	18,50,000	-		
Income: (Others)				
Canteen & Mess expenses	-	50,640		
Interest Income	72,06,764	1,31,41,747		
Other Income	3,78,256	95,978		
Reimbursement of Expenses (net)	--	24,06,342		
Assignment:				
Assignment of Advances		2,88,35,938		
Assignment of Creditors		1,29,48,839		
Fixed Assets:				
Purchase/Advance for Purchase of Fixed Assets		4,25,00,000		
Advances Taken				
Opening Balance	14,88,586	-		
Addition	1,08,14,517	64,88,586		
Repayment	7,90,559	50,00,000		
Closing Balance	1,15,12,544	14,88,586		
Advances Given				
Opening Balance	31,61,467	-		
Addition	36,00,000	3,907,408		
Repayment	1,125	7,45,941		
Closing Balance	67,60,342	31,61,467		
Inter Corporate Deposit Taken				
Opening Balance	2,79,00,000	-		
Additional	7,53,85,115	3,00,00,000		
Repayment/ Converted	10,32,85,115	21,00,000		
Closing Balance	--	2,79,00,000		
Inter Corporate Deposit Given				
Opening Balance	6,51,85,958	90,400,000		
Additional	30,00,000	47,635,958		
Repayment/ Converted	1,30,00,000	72,850,000		
Closing Balance	5,51,85,958	65,185,958		
Outstanding:				
Payable	26,84,609	2,69,67,301		
Receivable	3,67,44,937	2,80,60,064		
Security Deposit given	25,00,000	25,00,000		
Performance Guarantee given	-	2,58,75,000		

Note:

Related Party Relationship is as identified by the Company based on the available information.



Details of Material Transactions with Related Party

- a) Purchases: Includes Purchases from Birla International Pvt. Ltd Rs.82,598/- and from Zenith Birla (I) Ltd Rs. 4,04,428/-
- b) Sales: Includes sales to Zenith Birla (I) Ltd. Rs. 1,93,86,810/-.
- c) Other Income includes Miscellaneous income from Zenith Birla (I) Ltd Rs.3,78,256/- and Interest income includes interest receivable Rs.36,64,175/- from Birla Power Solutions Ltd and Rs.35,42,589/- from Zenith Birla (I) Ltd.
- d) Expenses: Rent & Other Services paid to Birla Accu Cast Ltd Rs. 1,00,000/-, Nirved Traders Pvt. Ltd Rs.8,08,704/- and Zenith Birla (I) Ltd Rs.2,44,508/-, Interest on Inter Corporate Deposit paid to Godavari Corporation Pvt. Ltd. Rs.1,98,027/- and Shearson Inv. & Trad. Co. Pvt. Ltd. Rs.26,52,423/-, Traveling Expenses paid to Birla Viking Travels Pvt. Ltd. Rs.18,02,053/- and to Shearson Inv.& Trad. Co. Pvt. Ltd. Rs.8,61,550/-, Reimbursement of Expenses paid by Birla Bombay Pvt Ltd, Rs.4,39,077/-, to Birla International Pvt Ltd Rs. 2,462/-, to Birla Infrastructure Pvt. Ltd. Rs.1,86,231/-, to Birla Global Corporate Pvt. Ltd. Rs.53,698/-, to Godavari Corporation Pvt. Ltd. Rs.1,42,601/-, to Shearson Inv. & Trad. Co. Pvt. Ltd. Rs.1,75,811/- and to Zenith Birla (I) Ltd. Rs. 4,92,216/-, Bad Debts written off Rs.4,50,000/- from Birla Shloka Edutech Ltd and Rs.14,00,000/- from Shloka Software Pvt Ltd. Other Loss pertains to Loss on sale of Raw Material to Zenith Birla (I) Ltd Rs.88,47,445/-.
- e) Advance Taken during the year includes from Shearson Investment & Trading Co. Pvt. Ltd. Rs.1,08,14,517/-, Closing Balance of Advance Taken during the year includes from Godavari Corporation Pvt. Ltd. Rs.1,98,027/-, from Shearson Investment & Trading Co. Pvt. Ltd. 1,13,14,517/-.
- f) Advance Given during the year includes Birla Global Corporate Pvt. Ltd. Rs.36,00,000/-, Closing Balance of Advance Given during the year Birla Global Corporate Pvt. Ltd. Rs.67,60,342/-.
- g) Inter Corporate Deposit taken includes amount received from Shearson Inv. & Trad. Co Pvt. Ltd. Rs.7,53,85,115/-, Inter Corporate Deposit repaid includes amount repaid to Godavari Corporation Pvt. Ltd. Rs.50,00,000/-, to Shearson Investment. & Trading. Co. Pvt. Ltd. 8,82,85,115/- and amount converted to Zenith Birla (I) Ltd Rs.1,00,00,000/-.
- h) Inter Corporate Deposit given during the year includes amount given to Zenith Birla (I) Ltd Rs. 30,00,000/-. Inter Corporate Deposit recovered/ converted includes amount recovered/ converted from Zenith Birla (I) Ltd Rs. 1,30,00,000/-. Closing Balance of Inter Corporate Deposit given during the year includes amount receivable from Birla Power Solutions Ltd. Rs.2,81,85,958 and Zenith Birla (India) Ltd. Rs.2,70,00,000/-.
- i) Payable: Includes amount payable to Birla Viking Travels Pvt. Ltd Rs.17,775/-, Godavari Corporation Pvt. Ltd. Rs.1,98,027/-, Birla Shloka Edutech Ltd. Rs.47,424/-, Shloka Peripherals Pvt Ltd Rs.3,196/-, Shearson Inv. & Trad. Co Pvt. Ltd Rs.22,98,937/- and Zenith Birla (India) Ltd Rs.1,19,250/-.
- j) Receivable: Includes amount receivable from Birla Global Corporate Pvt. Ltd. Rs.81,66,684/- Birla Infrastructure Pvt. Ltd. Rs.4,43,847/-, Birla Accu Cast Ltd. Rs.54,61,581/-, Birla Power Solution Ltd Rs. 73,21,464/-, Birla Viking Travels Pvt. Ltd Rs. 1,23,830/-, and Zenith Birla (I) Ltd. Rs.1,52,27,531/-
- k) Security Deposit given to Nirved Traders Pvt. Ltd. Rs.25,00,000/-
14. Balances of the sundry debtors, sundry creditors, loans and advances and deposits made are subject to confirmations from the respective parties and consequential / adjustments arising there from, if any, The management however does not expect any material variations and reconciliations.
15. In compliance with AS-20 "Earning Per Share" notified under Companies (Accounting Standard) Rules, 2006, disclosures are as follows:

	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Net Profit/ (Loss) for the period attributable to Equity Shareholders, including exceptional items	(17,27,63,940)	(5,25,42,267)
Weighted average number of Equity Shares outstanding at the year end (Nos.)	1,19,07,138	1,19,07,138
Basic/ Diluted earning per share (Face Value of Rs.10/- each in Rs.)	(14.51)	(4.41)

- 16 Under Excise Exemption Scheme 2001 (Notification – No 39/2001) the Gandhidham unit is entitled to refund of excise paid from personal ledger upto the period of 5 years. During the year unit has availed excise exemption of Rs.11,71,921/- (Previous Year Rs.25,50,740/-), which has been considered as an income in the profit and loss account.
- 17 Under the Sales tax exemption (Remission of Tax) the Gandhidham unit has received eligibility certificate. As per the certificate, the unit is entitled for sales tax remission upto the maximum limit of Rs.349.32 Lacs effective for the period from 31-12-2005 to 31-12-2012. During the period unit has availed sales tax remission of Rs.6,05,456/- (Previous Year Rs.20,34,585/-), which has been considered as an income in the profit and loss account.

18 Disclosures in respect of derivative Instruments:

- i) Derivative Instruments Outstanding as on 31st March 2010 Rs. NIL.(Previous Year Rs.NIL)
- ii) Foreign Currency Exposure that are not hedged by derivative instruments as on 31st March 2010 are NIL (previous year Rs. 48,70,786/-).

	As at 31/03/10			As at 31/03/09		
	Amount (USD)	Amount (Euro)	Amount (GBP)	Amount (USD)	Amount (Euro)	Amount (GBP)
1. Debtors	--	--	--	52,640	15,587	--
2. Others Payable	--	--	--	2,230	15,592	--
Total	--	--	--	54,870	31,179	--

19 Disclosure of Loan and Advances to Associates (Pursuant to Clause 32 of the Listing Agreement) :

- i) The Company does not have Subsidiary Company.
- ii) There is no loan and advance in the nature of loan given to the associates of the Company.
- iii) There is no loan and advance in the nature of loan given to the Company or Firm in which the Director is a Director or member.

20 During the financial year 2006-2007 Company has introduced Voluntary Retirement Scheme at all the units except Gandhidham Unit. An amount of Rs.29,57,016/- has been paid to the workers and the same is being written off over a period of 36 months.

21 Auditors remuneration:

	2009-10	2008-09
Statutory Audit Fees	2,50,000	3,50,000
Certification and others	1,00,000	1,50,000
	3,50,000	5,00,000

22 Information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956

- (a) Quantitative information with regard to Licensed & Installed Capacity of goods manufactured by the Company upto 31.05.2009 (as certified by management):

	Licensed Capacity	Installed Capacity	Qty in Nos.
1. Broaches	10,030 (10,030)	10,030 (10,030)	
2. End Mills, Profiled Tools and Other Cutters (all Cutting Tools)	10,000 (10,000)	6,000 (6,000)	
3. Rolls	12 Tons (12 Tons)	12 Tons (12 Tons)	
4. Broach Sharpening Machines	20 (20)	10 (10)	
5. Gauges	3,000 (3,000)	3,000 (3,000)	
6. Slitting Saws	20,000 (20,000)	8,000 (8,000)	
7. Spline Mandrels	1,500 (1,500)	1,500 (1,500)	
8. Master Gears	750 (750)	750 (750)	
9. Index Plates	1,200 (1,200)	1,200 (1,200)	
10. Gear Hobs	7,385 (7,385)	7,385 (7,385)	



		Qty in Nos.	
		Licensed Capacity	Installed Capacity
11.	Shaper Cutters	4,800 (4,800)	4,800 (4,800)
12.	Tool Bits (Registered Cap.)	80,000 (80,000)	80,000 (80,000)
13.	Shaving Cutters	-- (--)	2,640 (2,640)

(b) Quantitative information in regard to Finished Goods.

PARTICULARS	OPENING STOCK		PRODUCTION	CLOSING STOCK		SALE (INCL.OF EXCISE DUTY)	
	QTY in Nos	AMOUNT	QTY in Nos	QTY in Nos	AMOUNT	QTY in Nos	AMOUNT
Broaches	547	1,28,86,907	431	-	-	978	2,10,09,230
	(467)	(9,306,435)	(3,208)	(547)	(1,28,86,907)	(3,128)	(16,29,51,624)
E M P Tools	40	-	-	-	-	40	-
	(40)	-	-	-	-	(40)	-
Rolls	17	-	-	-	-	17	-
	(17)	-	-	(17)	-	-	-
B S Machine	-	-	-	-	-	-	-
	(1)	(11,09,684)	(3)	(-)	(-)	(4)	(55,28,171)
Slitting Saws	711	86,977	45	-	-	756	59,287
	(670)	(61,158)	(2,860)	(711)	(86,977)	(2,819)	(1,564,320)
Guages	62	203,820	166	-	-	228	1,258,076
	(52)	(1,85,377)	(2,283)	(62)	(2,03,820)	(2,273)	(17,517,572)
Index Plate	2	-	-	-	-	2	-
	(2)	-	(10)	(2)	-	(10)	(168,009)
Master Gears	9	78,212	10	-	-	19	294,377
	(7)	(1,16,175)	(202)	(9)	(78,212)	(200)	(5,262,334)
Spline Mandrels	25	1,43,939	2	-	-	27	60,954
	(13)	(86,442)	(165)	(25)	(1,43,939)	(153)	(2,271,223)
Gear Hob	427	5,253,363	247	-	-	674	8,715,422
	(497)	(5,685,114)	(3,071)	(427)	(5,253,363)	(3,141)	(71,399,502)
Shaper Cutter	130	849,745	122	-	-	252	2,184,084
	(160)	(1,452,310)	(950)	(130)	(849,745)	(980)	(14,154,931)
Shaving Cutter	90	2,428,104	156	-	-	246	4,760,147
	(75)	(2,090,355)	(864)	(90)	(2,428,104)	(849)	(37,261,697)
Total Current Year	2060	21,931,067	1,179	-	-	3,239	3,83,41,577
Total Previous Year	(2,001)	(20,093,050)	(13,616)	(2,060)	(21,931,067)	(13,557)	(318,079,383)

c) Raw Materials Consumed:

Steel	Kgs. 8,081 (1,05,502)	Rs. 68,93,447 (8,40,56,034)
Components	NIL (--)	NIL (19,07,311)
Total		68,93,447 (8,59,63,345)

d) Value of Imports calculated on CIF basis:		
1. Raw Materials		20,60,614 (3,84,00,464)
2. Stores & Spare Parts		1,53,429 (6,88,121)
3. Capital Goods (Including Capital Work in Progress)		-- (NIL)
e) Expenses in Foreign Currency (Subject to deduction of tax where applicable):		
1. Overseas Traveling		18,56,987 (14,96,604)
2. Others		NIL (1,149,179)
f) Consumption of Materials, etc.	Consumption Rs.	% of Total Consumption
1. Raw Materials:		
Imported	19,71,370 (1,94,23,735)	28.60 % (22.60 %)
Indigenous	49,22,077 (6,65,39,610)	71.40 % (77.40%)
Total	68,93,447 (8,59,63,345)	
2. Stores, Spares, etc. (as shown under Stores Consumption, Repairs, Maintenance, etc.):		
Imported	4,46,475 (5,79,964)	32.98 % (4.28 %)
Indigenous	9,07,277 (1,29,69,634)	67.02 % (95.72 %)
g) Earnings in Foreign Exchange: FOB Value of goods exported		31,94,829 (3,10,90,634)
h) Remittance in Foreign Currencies on account of Dividend		
i) No. of Non-resident Shareholders (including NRIs)		52 (52)
ii) Shares held by them		2,17,510 (2,09,239)
iii) Amount remitted		NIL (1,04,620)
23	Figures for the previous year have been regrouped and/or re-arranged wherever necessary.	
24	Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956, annexed as Annexure "A".	

As per our report of even date

For and on behalf of Board of Directors

For CHATURVEDI & SHAH

Chartered Accountants

Parag D. Mehta
Partner

Membership No.: I 13904

Mumbai, 31 May 2010

Tushar Dey**Rajesh Shah****Khyati Mashru****Director****Director****Company Secretary**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

(Amount in Rupees)

	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) after exceptional item but before Tax	(160,940,940)	(65,936,072)
Adjustments for :		
Interest & Dividend income	(10,317,082)	(13,643,312)
Interest Expense	15,119,148	27,566,547
Loss on Sale of Assets	-	169,206
Loss on Scraping/Discard of Fixed Assets	6,682,669	3,783,103
Loss on Impairment of Fixed Assets	-	12,184,000
Provision for Bad / Doubtful Debts	-	5,965,023
Investment w/off	-	5,000
Profit on sale of Investment	(2,710,000)	(6,218,687)
Depreciation (Net)	6,770,242	33,687,016
Voluntary Retirement compensation expenses written off	49,045	985,673
Sundry Balance written/ off	32,390,991	-
Exceptional items	64,211,667	-
	<u>112,196,680</u>	<u>64,483,570</u>
Operating Profit before Working Capital Changes and Exceptional items	(48,744,260)	(1,452,502)
Trade & other Receivable	78,470,114	20,579,927
Inventories	88,176,640	6,336,539
Trade payable	(117,636,557)	(7,012,133)
Cash Generated from Operations before Exceptional items	265,937	18,451,831
(Tax paid) / Refund received	(3,804,097)	(7,740,322)
Net Cash from Operating Activities before Exceptional items	(3,538,160)	10,711,509
From Continuing Operations	(13,799,056)	(5,029,622)
From Dis-Continued Operations	10,260,896	15,741,131
Exceptional items	(62,703,952)	-
Net Cash from Operating Activities after Exceptional items	(66,242,112)	10,711,509
From Continuing Operations	(13,799,056)	(5,029,622)
From Dis-Continued Operations	(52,443,056)	15,741,131
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	2,710,000	9,466,687
Purchase of Fixed Assets	(2,133,125)	(9,097,750)
Proceeds from Sale of Business undertaking	445,962,544	515,900
Interest & Dividend Received	4,858,140	2,891,541
Net Cash from Investing Activities before Exceptional items	451,397,559	3,776,379
From Continuing Operations	5,423,605	4,165,705
From Dis-Continued Operations	445,973,954	(389,326)
Exceptional items	(1,507,715)	-
Net Cash from Investing Activities after Exceptional items	449,889,844	3,776,379
From Continuing Operations	5,423,605	4,165,705
From Dis-Continued Operations	444,466,239	(389,326)
C. CASH FLOW FROM FINANCING ACTIVITIES.		
Proceeds/ (Repayment) Long term Borrowings	(115,283,438)	(20,205,221)
Proceeds/ (Repayment) Short term Borrowings	(128,005,741)	(12,109,756)
Proceeds/ (Repayment) Intercompany deposits	(27,900,000)	27,900,000
Dividend Paid	(2,303)	(6,875,534)
Interest Paid	(20,955,646)	(29,381,845)
Net Cash from Financing Activities	(292,147,128)	(40,672,356)
From Continuing Operations	(36,638,759)	13,453,514
From Dis-Continued Operations	(255,508,369)	(54,125,870)
Net increase in cash and cash equivalents	91,500,604	(26,184,468)
Cash and Cash equivalents:		
At the beginning of the year	5,332,013	31,516,481
At the end of the year	96,832,617	5,332,013

As per our report of even date

For CHATURVEDI & SHAH

Chartered Accountants

Parag D. Mehta**Partner****Membership No.: 113904**

Mumbai, May 31st, 2010

For and on behalf of Board of Directors

Tushar Dey**Director****Rajesh Shah****Director****Khyati Mashru****Company Secretary**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I) Registration Details**

CIN No	L	9	9	9	9	9	M	H	I	9	6	5	P	L	C	0	I	3	I	9	8
Registration No.								I	3	I	9	8	State Code		I	I					
Balance Sheet Date	3	I			0	3			I	0											

II) Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

NIL

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

Total Liabilities

493189

Total Assets

493189

Sources of Funds

Paid-up Capital

119071

Secured Loans

776

Differed Tax Liability

-

Reserves & Surplus

356285

Unsecured Loans

17057

Application of Funds

Net Fixed Assets

102645

Net Current Assets

185645

Accumulated Losses

204899

Investments

-

Miscellaneous Expenditure

-

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover

46407

Profit / Loss Before Tax

(160941)

Earning Per Share in Rs.

(14.51)

Total Expenditure

207348

Profit / Loss After Tax

(172764)

Dividend Rate %

NIL

V. Generic Names of Three Principal Product / Services of Company (As per monetary terms).

Product Description

Item Code No. (ITC Code)

i)	B	R	O	A	C	H	E	S									8	2	0	7	6	0	0	9
ii)	G	E	A	R		H	O	B	S								8	2	0	7	9	0	0	0
iii)	S	H	A	V	I	N	G		C	U	T	T	E	R	S		8	2	0	7	9	0	0	0

Dagger Forst Tools Limited

Regd. Office: S-2, 2nd Floor, Vedant Commercial Complex, Vartak Nagar, First Pokhran Road, Thane (W) – 400606

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my /our presence at the 44th Annual General Meeting to be held on Wednesday, September 29, 2010, at 11.00 a.m. at Vedant Community Hall, Phase- III, Vedant Complex, 1st Pokhran Road, Thane (W) - 400606.

Name(s) of the shareholder(s) or proxy
(In block letters)

Signature(s) of the shareholder(s) or proxy

Regd. Folio No./Client ID DP ID

-----TEAR HERE-----

Dagger Forst Tools Limited

Regd. Office: S-2, 2nd Floor, Vedant Commercial Complex, Vartak Nagar, First Pokhran Road, Thane (W) – 400606

PROXY FORM

Regd. Folio No./Client ID DP ID

I/We _____ of _____ being a member or members of Dagger Forst Tools Limited hereby appoint _____ or failing him/her _____ of _____ as my/our proxy in my /our absence to attend and vote for me/us on my/our behalf at the 44th Annual General Meeting of the Company to be held on Wednesday, September 29, 2010, at 11.00 a.m. at Vedant Community Hall, Phase- III, Vedant Complex, 1st Pokhran Road, Thane (W) - 400606.

As witness my/ our hand this _____ day of _____ 2010.

Signed by the said _____

Signature _____

Affix Re. I
Revenue
Stamp

For office use only:
Proxy No:
Regd. Folio No./Client ID DP ID
Number of shares held

Note:

1. The proxy need not be member.
2. The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.