

Notice

Notice is hereby given that the 23rd Annual General Meeting of the company will be held on 29th September, 2012 at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021 at 10.00 a.m. to transact the following business:

As ordinary business

1. To receive, consider and adopt the audited Profit & Loss Accounts for the year ended 31st March, 2012, the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To Declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri P. Nijampurkar who retires by rotation and being eligible, has offered him self for re-appointment.
4. To appoint a Director in place of Shri Atul Desai who retires by rotation and being eligible, has offered him self for re-appointment.
5. To appoint auditors of the company to hold office till conclusion of the next Annual General Meeting and to fix their remuneration.

On behalf of the Board of Directors

Place: Mumbai

Date: 30th August, 2012

R.L. Gupta

Chairman

NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF/ITSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.THE INSTRUMENTS OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2 The Register of Members shall remain closed from 25th September, 2012 To 29th September, 2012 (both days inclusive).
- 3 The dividend, if declared, will be paid to those members whose name appears on the Register of Members of the Company as on 29th September, 2012 for members holding shares in physical mode. For members holding share in electronic form, the dividend will be paid as per the data as may be made available by the NSDL and/or CSDL as of the close of the business hours on 25th September, 2012 and the same forwarded to us by our RTA.
- 4 Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for a period of seven years from the date of transfer to unpaid Dividend Account of the company is credited to the Investor Education and Protection Fund (the IEPF)

Following Table gives information relating to outstanding dividend accounts and due dates for claiming.

Financial Year	Date of Declaration	Last date of claiming dividend	Amount outstanding as on March 31, 2012
2004-05	28.09.2005	27.09.2012	14,568.00
2005-06	10.11.2006	09.11.2013	2,842.91
2006-07	28.09.2007	27.09.2014	7,085.01
2007-08	26.09.2008	25.09.2015	4,763.50
2008-09	30.09.2009	29.09.2016	1,995.00
2009-10	24.09.2010	23.09.2017	101,607.20
2010-11	26.09.2011	25.09.2018	1,03,176.80

On behalf of the Board of Directors

Place: Mumbai

Date: 30th August, 2012

R.L. Gupta

Chairman

Directors' Report

Dear Shareholders

Your Directors present the 23rd Annual Report along with Audited Statement of Accounts for the year ended March 31, 2012.

Financial results at a glance:

Rs. in lacs

	31st March, 2012	31st March, 2011
Sales & Other Income	14295.22	11818.31
Profit Before Tax	269.94	568.98
Profit After Tax	222.96	401.76
Balance Brought Forward	871.16	559.87
	15659.28	13348.92
Appropriations:		
Dividend.	26.97	64.73
Dividend Tax	4.37	10.75
General Reserve	15.00	15.00
Balance Carried Forward	1047.77	871.16
	1094.11	961.64
Earning Per Share	4.13	7.45

Operations

The financial year under review began a positive note. However, the economy started witnessing a rise in inflationary trend during the second half of the year which together with tightening of the monetary policy resulted in slowdown in the overall scenario.

The Company achieved total turnover of Rs. 14295.22 lacs against Rs. 11818.31 lacs in the previous year registering a growth of 20.95 %. The net profit after tax was Rs.222.96 lacs against Rs. 401.76 lacs in the previous year registering a decline of 44.51 %. The tightening of monetary policy rise in finance cost and increase in the input cost had affected the performance of the company.

Dividend

Your Directors recommended a dividend of 5 % (i.e. Re. 0.50 per share) on 53,94,005 equity shares of Rs.10 each for 2011-12. The previous year dividend paid was 12 % (i.e. Re. 1.20 per share).

Management discussion and analysis

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

Auditors

The Auditor of the company M/s A.K.Bagadia & Co., Chartered Accountants, retire at this Annual General Meeting and are eligible for reappointment. The Audit Committee and your Board recommend their reappointment.

Directors

Shri P. M. Nijampurkar and Shri Atul Desai retire by rotation and offer themselves for re- appointment, which your Directors consider to be in the best interests of the Company and recommend their appointment.

Directors' responsibility statement

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

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

Corporate Governance

Your Company reaffirms and remains committed to high standards of Corporate Governance. The Company believes that appropriate disclosures procedures, transparent accounting policies, strong and independent Board practices and highest

levels of ethical standards are critical to enhance and retain investor trust and generate sustainable corporate growth. Your Company established systems and procedures to comply with the amended provisions of the Code of Corporate Governance and complied with all the requirements of the Code of Corporate Governance as per Clause 49 of the Listing Agreement with the stock exchange. A Report separately titled "Corporate Governance" along with Auditors' Certificate, regarding compliance of the same are annexed as a part of this Annual Report.

Particulars of Employees

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

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

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

Acknowledgements

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

On behalf of the Board of Directors

Place: Mumbai
Date: 30th August, 2012

R.L. Gupta
Chairman

Annexure to the Directors' Report

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

A. POWER AND FUEL CONSUMPTION :

	2011-12	2010-11
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	9315124	8981254
Total Amount (Rs.in Lacs)	563.05	492.21
Rate/Unit Rs.	6.04	5.48
(b) Own Generation		
i) Through diesel generator Unit (Unit per Ltr. Of Diesel oil cost/unit)	NA	NA
ii) Through steam turbine/generator Units (Units per Ltr. Of fuel oil/gas cost/unit)	NA	NA
2. COAL (specify quality and where used)	NA	NA
Quantity (tonnes)		
Total Cost Rs.		
Average Rate Per MT		
3. FURNACE OIL & LPG		
Quantity (Kg) / MT	2444.760	2051.990
Total Amount (Rs.in Lacs)	974.45	512.40
Average Rate Per MT	39858	24971
4. Other/ Internal Generation	NA	NA
Quantity		
Total cost		
Rent/unit		

B. CONSUMPTION PER UNIT OF PRODUCTION:

	2011-12	2010-11
1 Drop Forged Hand Tools (MT)	5916.35	6090.63
Electricity Consumption (KW)	1334.82	1222.48
Fuel	168.61	160.19
2 Leaf Spring (MT)	7475.07	8395.514
Electricity Consumption (KW)	189.68	182.900
Fuel	193.61	128.204

C. FOREIGN EXCHANGE EARNING & OUTGO:

	2011-12	2010-11
(i) Earning		
FOB Value of Exports	6199.37	4108.53
(ii) Expenditures		
CIF Value of Imports		
Raw materials	34.49	32.65
Spares & Consumables	0.86	3.90
Capital Goods	21.52	24.02
Expenses in Foreign Currency:		
Travelling / Fare abroad	7.12	8.51
Commission & Discount	1.92	6.29
	65.91	75.37

Technology absorption, research and development

Research and developments and technology absorption

Research and developments of new products, processes and methodologies continue to be important to us. In today's dynamic business environment, innovation through a sustained process of research and development (R & D) is a critical growth driver. R & D will need to focus in the developments and speedy commercialization of globally competitive products, processes and technologies. Your Company pursues R & D strategy premised on best-in-class benchmark research processes to

secure sustainable and long term competitiveness for all its business. Its priorities are focused on projects with high research content and high impact. Over the last several years, your Company has assembled a pool of qualified professionals and experts in the manufacturing and R & D Department.

On behalf of the Board of Directors

Place: Mumbai
Date: 30th August, 2012

R.L. Gupta
Chairman

Management discussion and analysis

1. Industry Scenario

Financial year 2011-12 was a challenging year. The developments over the last year in major economic of the world have not been encouraging. The Global economy barely a year after recession witnessed lower economic growth. International Monetary Fund (IMF) estimated the global output to have grown at a modest 3.9 % much lower than 5.3 % growth achieved in the previous year. IMF anticipates the global economy to face another testing year in 2012 and projects global down to marginally slip to 3.5 %. It projects the growth rate of emerging economic to shift to 5.7 % in absence of any positive outlook from advanced economics. India which has notified domestic demand driven growth are also struggling to strike a balance between high inflation and steady GDP growth. Indian economy witnessed high inflationary presence and rising interest rate regime tested growth to some extent. The resultant increased cost of funding and tightened liquidity did stop the GDP growth. The automobile sector posted poor volumes, largely an expected line amid slowdown in economic activity and negative consumer sentiments fuelled by high inflation and increasing cost of ownership. The slowdown in demand is now clearly evident across most product segments, which continues to impact overall growth.

Akar has been though able to increase its turnover by 21 % during the financial year but failed to maintain its profitability mainly due to increase in the input cost and cost of finance.

2. Opportunities and threats

Akar see better opportunities in the previous year to come due to continuous development of new products and entry in

various market segments like OEMs and dealer market. This has proved beneficial during the recession period which is very good sign for the company.

International business faces a risk of intensified competition for low cost players which can limit its pricing power.

Political changes in the regimes of operations may result in demand slow down.

Increase in input prices and/ or volatility in the value of India may have adverse impact on profit margins.

3. Outlook

With the on-going re-structure which looks more positive, the Company plans to shift its focus on standard products besides improving its strong presence in the nonstandard products. To augment and complement its vast manufacturing facility, the company plans for acquiring/developing new technology which will give the company a competitive edge in the automobile industry. With the above measures the Company hopes a brighter future in the coming years.

4. Risk and concerns

The Company has rebuilt systems for risk assessment and mitigation and has a risk policy in place with well-established internal controls and risk management process. Reviews are conducted are ongoing basis as per risk based plan.

With rising inflationary pressures, weak global recovery, higher fiscal policies and possibility of slow growth rate of Indian Economy are the key concerns on the macroeconomic fronts which may have an impact on the company operations.

Corporate Governance

1. Company's philosophy on code of governance

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

2. Board of Directors

As required by the Clause 49 of the Listing Agreement regarding Corporate Governance, The Board of Directors consisted of optimum combination of promoter and Independent Directors. The Board has a mix of Executive and Non-Executive Directors. The Board comprises total seven Directors out of which four are Executive Directors and three Non Executive Directors. All the three Non-Executive Directors are Independent Directors.

Details of director seeking appointment/re-appointment

pursuant to clause 49 of the Listing Agreement are as under:

- I Name of Director: Shri Pradeep M. Nijampurkar, Age:54 years, Date of Birth: July 13, 1958 , Qualification: M.B.A (HR), Date of Appointment: July 31,2007 , Expertise: 19 years of wide experience in the field of administration and public relations. Directorship in other company- NIL
- II Name of Director: Shri Atul M Desai, Age: 62 years, Date of Birth: January 27, 1950, Qualification: Science Graduate, LLB, Attorney- at- Law., Date of Appointment: March 31, 2006, Expertise:33 years wide experience in the field of Law, Specialisation in Mergers & Acquisition and commercial Arbitratorship. Directorship held as on March 31, 2012: Jindal Southwest Holdings Ltd, TCFC Finance Ltd, Welspun Syntex Ltd, Remi Metals Gujarat Ltd, Branee Trading Company Pvt Ltd., Welspun Global Brands Limited, Blend Financial Services Limited

3. Board meeting and AGM attendance

The Board met 5 times during 2011-12 at the Company's factories/ office at E-5, MIDC Area, Waluj Aurangabad on April 11, 2011, May 14, 2011, August 12, 2011, November 14, 2011, February 14, 2012

Details of attendance of each Director of the Board Meetings and at last Annual General Meeting held on September 26, 2011 are given below

Name of the Director	Number of Board meetings attended	Last AGM attended yes/no	Number of Directorship held in other Companies	
			Public	Private
Shri R. L.Gupta	04	No	3	6
Shri N. K. Gupta	05	Yes	2	0
Shri Sunil Todi	04	Yes	1	0
Shri R. Machhar	03	No	1	7
Shri Atul M. Desai	03	Yes	6	1
Shri C. K. R. Murugan	03	No	0	1
Shri P. M. Nijampurkar	03	No	0	0

4. Audit Committee

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

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

Shri C. K. R. Murugan is the Chairman of the Audit Committee.

The terms of reference includes

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

- a) Review financial reporting process and to ensure that the financial statement is correct and sufficient
- b) Review, with the management, the quarterly and annual financial statement before submission to the Board
- c) Review, with the management, external and internal auditors the adequacy of internal control system
- d) Review the Company's financial and risk management policies

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

Code of Conduct

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

Pursuant to Clause 49 of the Listing Agreement, it is hereby confirmed that the 'Code of Conduct' as approved by the Board

was complied with during 2011-12 by all Board members and the designated members of the Company's senior management.

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

5. Remuneration Committee

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

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

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

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

Details of remuneration paid to Shri Sunil Todi was Rs. 27.83 lacs and to Shri P.M. Nijampurkar was Rs.13.18 lacs.

6. Shareholders / Investors Grievance Committee

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

1. Shri R. L. Gupta
2. Shri N. K. Gupta
3. Shri Sunil Todi
4. Ms Reshma Talbani

Ms Reshma Talbani Company Secretary is the Compliance Officer of the Committee. The Company received one complaint from the shareholder during 2011-12. All complaints were resolved to

the satisfaction of shareholders. No share transfer was pending as on March 31, 2012.

7. General body meeting

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

AGM	Date	Time	Venue	Special resolutions passed (if any)
22nd	September 26, 2011	10.30. am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021	Nil
21st	September 24, 2010	10.30. am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai- 400021	Nil
20th	September 30, 2009	10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021	Nil

8. Disclosures

Related party transactions

There were no material transactions with related parties during the year 2011-12 which is pre-judicial to the interest of the Company.

Details of related party transactions are given in schedule 18 as required by the Accounting Standard on related party disclosures (AS-18) prescribed by the ICAI.

Statutory compliance, penalties and strictures

There is full compliance of the all the statutory provisions with the concerned authorities e.g. Bombay Stock Exchange and Registrar of Companies, among others. There were no penalties and strictures at all.

9. Means of communication

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

Shareholders' information

Shareholders/Investors services

The Company's Shares & Secretarial department is situated at

its Corporate & Administrative Office E- 5, MIDC Area, Waluj, Aurangabad and provides assistance and guidance to shareholders under overall supervision and control of Shri Sunil Todi, Managing Director and Ms Reshma Talbani, Company Secretary.

Registrar & Share Transfer Agents

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

BIG SHARE SERVICES PVT. LTD.

E-2, Ansa Indl. Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400072

Ph. No. 022-28473474/28473747/ 28470652

Email Id: corporate@akartoolsltd.com

23rd Annual General Meeting

Date : 29th September, 2012

Time : 10.00 Am

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

Date of book closure

September 25, 2012 to September 29, 2012 (both days inclusive)

Proposed dividend

5% i.e. @ Rs. 0.5 PER EQUITY SHARES

Listing of securities

Bombay Stock Exchange, Mumbai

Stock code

BSE code: 530621, Symbol: AKARTOOL EQ

Dematerialisation

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

1 National Securities Depositories Ltd

2 Central Depositories Services (India) Ltd

The ISIN number of the Share is IN E864E01013

Stock market data

Akar Tools Limited's Share at Bombay Stock Exchange Ltd

Month	Share price with BS		BSE SENSEX	
	High	Low	High	Low
April 2011	92.00	71.80	19811.14	18976.19
May 2011	82.00	67.00	19253.87	17786.13
June 2011	77.15	66.30	18873.39	17314.38
July 2011	70.20	56.60	19131.70	18131.86
August 2011	59.55	40.65	18440.07	15765.53
September 2011	56.90	38.90	17211.80	15801.01
October 2011	51.00	34.65	17908.13	15745.43
November 2011	47.70	26.15	17702.26	15478.69
December 2011	38.95	26.25	17003.71	15135.86
January 2012	41.00	28.45	17258.97	15358.02
February 2012	43.70	36.50	18523.78	17061.55
March 2012	43.65	27.25	18040.69	16920.61

Distribution of shareholding as on March 31, 2012

Shareholding range	Number of shareholders	% of holders to total number of shareholders	Shares in Rs.	% to total
Up to 5000	1774	85.57	2419510	4.49
5001 to 10000	108	5.20	892820	1.65
10001 to 20000	60	2.89	925260	1.71
20001 to 30000	33	1.59	856270	1.59
30001 to 40000	14	0.67	484500	0.90
40001 to 50000	14	0.67	651580	1.21
50001 to 100000	25	1.20	1744370	3.23
100001 and above	45	2.17	45965740	85.22
Total	2073		53940050	100.00

Shareholding pattern as on March 31, 2012

Category	Number of shares held	% of shareholding
Indian promoters	3011015	55.81
Mutual funds	900	0.02
Private corporate bodies	1258475	23.32
Indian public	1074577	19.92
NRIs/OCBs	24472	0.45
Clearing members	24566	0.48
Total	5394005	100.00

Dividend history for last five years

2010-11	2009-10	2008-09	2007-08	2006-07
12%	12%	10%	15%	15%

A K Bagadia & Co.
Chartered Accountants

37, Sopariwala House,
293, Princess Street,
Marine Lines, Mumbai

Auditors' Certificate on Corporate Governance

To,
THE MEMBERS OF
AKAR TOOLS LIMITED

We have examined the compliance of Corporate Governance by Akar Tools Limited, for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the corporate financial statements of the Company.

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

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

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

For A K Bagadia & Co.
Chartered Accountants
FRN 100846W

Place : Mumbai
Dated : 30th August, 2012

A K Bagadia
Proprietor
Membership No. 30520

Auditors' Report

To
The Members of
Akar Tools Limited

We have audited the attached Balance Sheet of AKAR TOOLS LIMITED as at 31st March, 2012 and also the statement of Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Companies management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

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

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

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956.
- e) On the basis of the written representation received from directors as on 31st March 2012 and taken on record by the Board of Directors, we report that the none of the directors is disqualified as on 31st march 2012, from being appointed as a director in terms of clause (g) of sub section (1) to Section 274 of the Companies Act 1956, and
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the significant accounting policies in schedule '1 & 2' and notes appearing there on, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the principles generally accepted in India.
 - i) in the case of the balance sheet of the state of affairs of the Company as at 31st March, 2012.
 - ii) in the case of the Profit & Loss Account of the profit of the year ended on that date.
 - iii) in the case of the Cash Flow Statement of the cash flow of the year ended on that date.

For **A K Bagadia & Co.**
Chartered Accountants
FRN 100846W

A K Bagadia
Proprietor

Place : Mumbai
Dated : 30th August, 2012

Membership No. 30520

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

- i. (a) The company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed of any substantial part of its fixed assets.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory, no material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest wherever applicable, and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company, wherever payable.
- (d) There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken an unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 55.47Lacs and the year-end balance of such loan was Nil.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, except Rs. 10.75Lacs which is outstanding on account of Dividend Distribution Tax.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, in cases of disputed demands in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty and cess, the amounts involved and the forum where disputes are pending are mentioned in notes of accounts.
- x. In our opinion, the company has no accumulated losses. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) 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 provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the company had not issued any debentures during the period covered by our audit report.
- xx. The Company had not raised any money by way of public issue, during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A K Bagadia & Co.
Chartered Accountants
FRN 100846W

A K Bagadia
Proprietor

Place : Mumbai
Dated : 30th August, 2012

Membership No. 30520

Balance Sheet As at 31st March, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	53,940,050	53,940,050
(b) Reserves and surplus	4	185,160,567	165,999,067
		239,100,617	219,939,117
2 Non-current liabilities			
(a) Long-term borrowings	5	87,979,174	124,417,318
(b) Deferred tax liabilities (net)	6	45,780,837	46,485,362
		133,760,011	170,902,680
3 Current liabilities			
(a) Short-term borrowings	7	375,567,381	284,269,699
(b) Trade payables	8	343,184,687	272,385,224
(c) Other current liabilities	9	9,181,645	4,608,214
(d) Short-term provisions	10	9,537,246	22,445,463
		737,470,959	583,708,600
Total		1,110,331,587	974,550,397
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	361,374,095	354,975,659
(ii) Intangible assets	12	-	-
(iii) Capital work-in-progress		91,893	-
	(a)	361,465,988	354,975,659
(b) Non-current investments	13	11,616,750	11,622,750
	(b)	11,616,750	11,622,750
	(a+b)	373,082,738	366,598,409
2 Current assets			
(a) Inventories	14	309,410,094	296,754,301
(b) Trade receivables	15	304,611,651	198,470,343
(c) Cash and cash equivalents	16	18,617,857	16,328,455
(d) Short-term loans and advances	17	104,609,247	96,398,889
		737,248,849	607,951,988
Total		1,110,331,587	974,550,397
Corporate Information and Significant Accounting Policies	1 & 2		
See accompanying notes forming part of the financial statements	18		

In terms of our report attached.

For A K Bagadia & Co.

Chartered Accountants

FRN 100846W

A K Bagadia

Proprietor

Membership No. 30520

Place: Mumbai

Date: 30th August 2012

For and on behalf of the Board of Directors

R L Gupta

Chairman

N K Gupta

Director

Place: Mumbai

Date: 30th August 2012

Sunil Todi

Managing Director

Reshma Talbani

Company Secretary

Profit and Loss Account For the year ended 31st March, 2012

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March, 2012	Year ended 31 March, 2011
1 Revenue from operations (gross)	19	1,544,540,089	1,263,999,532
Less: Excise duty		-116,092,995	-84,746,130
Revenue from operations (net)		1,428,447,094	1,179,253,402
2 Other income	20	1,074,502	2,577,845
3 Total revenue (1+2)		1,429,521,596	1,181,831,247
4 Expenses			
(a) Cost of materials consumed	21	811,982,823	656,998,517
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	5,824,979	-44,726,711
(c) Employee benefits expense	23	86,755,020	76,308,856
(d) Finance costs	24	62,207,408	48,861,280
(e) Depreciation and amortisation expense	11	22,861,049	24,075,363
(f) Other expenses	25	412,895,932	363,416,338
Total expenses		1,402,527,211	1,124,933,643
5 Profit / (Loss) before tax		26,994,385	56,897,604
6 Tax expense:			
(a) Current tax expense for current year		6,190,813	16,766,215
(b) (Less): MAT credit (where applicable)		-787,925	-2,794,866
(c) Current tax expense relating to prior years		-	-444,860
(d) Net current tax expense (a+b+c)		5,402,888	13,526,489
(e) Deferred tax assets		-704,525	3,194,822
		4,698,363	16,721,311
7 Profit / (Loss) for the year		22,296,022	40,176,293
8 Earnings per share (of Rs. 10/- each):			
(a) Basic		4.13	7.45
(b) Diluted		4.13	7.45
Corporate Information and Significant Accounting Policies	1 & 2		
See accompanying notes forming part of the financial statements	18		

In terms of our report attached.

For A K Bagadia & Co.

Chartered Accountants

FRN 100846W

A K Bagadia

Proprietor

Membership No. 30520

Place: Mumbai

Date: 30th August 2012

For and on behalf of the Board of Directors

R L Gupta

Chairman

N K Gupta

Director

Place: Mumbai

Date: 30th August 2012

Sunil Todi

Managing Director

Reshma Talbani

Company Secretary

Cash Flow Statement For the year ended 31st March 2012

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit before Tax and extraordinary items	26,994,385	56,897,604
Adjustment for:		
Depreciation	22,861,049	23,554,780
Interest debited to Profit & Loss Account	62,207,408	48,861,280
Operating Profit before Working Capital Charges	112,062,842	129,313,665
Adjustment for:		
Trade Receivables	-106,141,307	433,777
Loans & Advances	-8,111,781	-3,168,031
Inventories	-12,655,793	-72,635,074
Trade Payables	75,372,894	35,381,065
Provision for Tax Liability	-13,006,797	9,124,840
Add/(Less) I.Tax Provision for earlier Years	-	444,860
Cash Generated from Operations	-64,542,784	-30,418,563
Interest paid	62,207,408	48,861,280
Direct Taxes	5,402,884	13,971,349
Net Cash Flow from Operating Activities (A)	-20,090,234	36,062,473
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-29,351,380	-24,659,512
Purchase of Investments	6,000	-
Net Cash used in Investing Activities (B)	-29,345,380	-24,659,512
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	-30,030,535	-25,350,980
Proceeds from short term borrowings	5,092,391	5,303,800
Dividend paid	-3,134,523	-7,547,874
Proceeds from working capital finance	79,797,682	8,321,768
Net Cash used in financing activities (C)	51,725,015	-19,273,286
Net Increase in Cash and Cash Equivalent (A+B+C)	2,289,401	-7,870,325
Opening Cash equivalents at the end of the year	16,328,455	24,198,780
Cash and cash equivalents at the end of the year *	18,617,856	16,328,455
* Comprises:		
(a) Cash on hand	2,010,502	2,031,954
(b) Balances with banks		
(i) In current accounts	7,395,549	5,002,122
(ii) in deposit account having maturity of more than 12 months	9,211,805	9,294,379
	18,617,856	16,328,455

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

In terms of our report attached.

For A K Bagadia & Co.

Chartered Accountants

FRN 100846W

A K Bagadia

Proprietor

Membership No. 30520

Place: Mumbai

Date: 30th August 2012

For and on behalf of the Board of Directors

R L Gupta

Chairman

N K Gupta

Director

Place: Mumbai

Date: 30th August 2012

Sunil Todi

Managing Director

Reshma Talbani

Company Secretary

Notes forming part of the financial statements

NOTE 1. CORPORATE INFORMATION

The Company is in the Business of Manufacturing of hand tools, auto leaf spring, parabolic springs and commercial automotive forgings & Having its manufacturing facilities around Aurangabad, Maharashtra.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

- a) Raw material is valued at cost computed on monthly average basis of the last month after providing for cost of obsolescence.
- b) Finished Goods and Work-in-Process are valued at cost or net realizable value whichever is lower. Cost for this purpose includes Raw material, Wages, Manufacturing Expenses, Production Overheads and Depreciation.
- c) Stores and Spares are valued at cost after considering cost of obsolescence and estimated useful life.
- d) Scrap is valued at net realizable value.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation on Hand Tool Division has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on Parabolic Leaf Division has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on Conventional Leaf Spring Division has been provided on the Written down Value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

2.7 Revenue recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty, sales tax and value added tax.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes

Notes forming part of the financial statements

interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

Notes forming part of the financial statements

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.14 Employee benefits

The Company's Contribution to provident fund is considered as defined contribution and is charged as an expense as they fall due based on the amount on contribution required to be made.

Provision for Retirement Benefits: - Liabilities in respect of Retirement Benefits to employees are accounted for on actual payment basis. No provision is being made for Liabilities on actuarial valuation as required by Accounting Standard AS15.

2.15 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment reporting

The company is engaged in manufacturing of hand tools and leaf springs business which, as per Accounting Standard 17 (AS-17) "Segment Reporting issued by the Institute of Chartered Accountants of India, are considered the reportable business segment of the company.

2.17 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

Notes forming part of the financial statements

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.19 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.20 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.21 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

2.22 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value

Notes forming part of the financial statements

in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.23 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (including retirement benefits) are not discounted to their present value and are determined based on the actual settlement of the obligation at the Balance Sheet date. Contingent liabilities are disclosed in the Notes.

2.24 Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

2.25 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.26 Share issues expenses

Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is carried as an asset and is amortised over a period of 5 years from the date of the issue of shares.

2.27 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.28 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

Contingent Liabilities not provided for: -

- (a) Guarantees issued by Banks on behalf of the Company and outstanding as at 31st March, 2012 is of Rs.106.19 Lacs (Previous Year 97.94 Lacs).

Notes forming part of the financial statements

(b) Liabilities not acknowledge as debt and outstanding as at 31st March, 2012 are for Income Tax Rs.37.58 lacs (Previous year Rs.37.58 Lacs) and for Sales Tax Rs.19.64 Lacs (Previous year 23.25 Lacs)

In the opinion of the Board of Directors the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

Confirmation from certain parties for amount due to them/amount due to us as per accounts of the company are not yet received, necessary adjustments, if any, will be made when accounts are reconciled and settled.

NOTE 3. SHARE CAPITAL

Particular	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
(a) Authorised				
Equity shares of Rs.10 each with voting rights	7000000	70,000,000	7000000	70,000,000
	7000000	70,000,000	7000000	70,000,000
(b) Issued				
Equity shares of Rs.10 each with voting rights	5394005	53,940,050	5394005	53,940,050
	5394005	53,940,050	5394005	53,940,050
(c) Subscribed and fully paid up				
Equity shares of Rs.10 each with voting rights	5394005	53,940,050	5394005	53,940,050
	5394005	53,940,050	5394005	53,940,050
Total	5394005	53,940,050	5394005	53,940,050

NOTE 3.a Share capital (contd.)

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2012		
- Number of shares	5,394,005	5,394,005
Amount in Rs.	53,940,050	53,940,050
Year ended 31 March, 2011		
- Number of shares	5,394,005	5,394,005
Amount in Rs.	53,940,050	53,940,050

NOTE 3.b Share capital (contd.)

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
R L GUPTA	1599595	29.66	1599595	29.66
R L GUPTA (HUF)	619125	11.48	619125	11.48
USHA GUPTA	562145	10.42	517445	9.49
AKAR ALLOYS PVT LTD	429398	7.96	429398	7.96

Notes forming part of the financial statements

NOTE 4. RESERVES AND SURPLUS

(Amount in Rs.)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance	35,100,000	35,100,000
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	35,100,000	35,100,000
(b) General reserve		
Opening balance	43,783,267	42,283,267
Add: Transferred from surplus in Statement of Profit and Loss	1,500,000	1,500,000
Less: Utilised / transferred during the year	-	-
Closing balance	45,283,267	43,783,267
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	87,115,800	55,987,382
Add: Profit / (Loss) for the year	22,296,022	40,176,293
Dividends proposed to be distributed to equity shareholders (Rs.10/- per share)	2,697,002	6,472,806
Tax on dividend	437,520	1,075,068
Transferred to:		
General reserve	1,500,000	1,500,000
Closing balance	104,777,300	87,115,800
Total	185,160,567	165,999,067

NOTE 5 LONG-TERM BORROWINGS

(a) Term loans*		
From banks and other		
Secured	62,502,655	92,533,190
(b) Loans and advances from related parties		
Secured	476,519	1,336,653
(c) Other loans and advances (specify nature)		
Unsecured	25,000,000	30,547,475
Total	87,979,174	124,417,318

*Term Loans from Banks are secured by a first mortgage of all the Company's immovable properties, both present and future ranking pari passu inter se and first charge by way of hypothecation of all company's movable subject to prior charges created in favour of Company's bankers on inventories, book debts, and other movables for securing the borrowing for working capital requirement

Notes forming part of the financial statements

NOTE 6. DISCLOSURES UNDER ACCOUNTING STANDARDS

(Amount in Rs.)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax liability	45,780,837	46,485,362
Net deferred tax (liability) / asset	45,780,837	46,485,362

NOTE 7. SHORT-TERM BORROWINGS

(a) Loans repayable on demand		
From banks		
Secured	364,067,381	284,269,699
(b) Deposits		
Unsecured	11,500,000	-
Total	375,567,381	284,269,699

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security		
Loans repayable on demand			
from banks:	Secured against hypothecation of		
CANARA BANK	stock in trade, stores & sundry debtors and also secured by 2nd charge on block of assests ranking pari-pasu.	364,067,381	284,269,699
Total		364,067,381	284,269,699

NOTE 8. TRADE PAYABLES

Trade payables:		
Acceptances	47,913,518	48,655,068
Other than Acceptances	295,271,169	223,730,156
Total	343,184,687	272,385,224

NOTE 9. OTHER CURRENT LIABILITIES

(a) Advances from customers	9,181,645	4,608,214
Total	9,181,645	4,608,214

NOTE 10. SHORT-TERM PROVISIONS

Provision - Others:		
(i) Provision for tax [(net of advance tax Rs. 75,233/- (As at 31 March, 2011 Rs. 173,813/-)]	5,327,655	13,797,536
(ii) Provision for proposed equity dividend	2,697,002	6,472,806
(iii) Provision for tax on proposed dividends	1,512,589	2,175,121
Total	9,537,246	22,445,463

Notes forming part of the financial statements

NOTE 11. FIXED ASSETS -TANGIBLE ASSETS

(Amount in Rs.)

Tangible assets	Gross block			Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2011	Additions/ Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation/ Elimination amortisation expense for the year	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land								
Freehold	15,565,487	-	15,565,487	-		-	20,596,122	20,596,122
Leasehold	5,030,635	-	5,030,635					
(b) Buildings								
Own use	123,910,604	1,950,578	125,861,182	27,311,720	4,169,185	31,480,905	94,380,277	96,598,884
(c) Plant and Equipment								
Owned	362,001,665	26,688,224	388,689,890	131,263,328	17,137,363	148,400,691	240,289,199	230,738,337
(d) Furniture and Fixtures								
Owned	1,161,708	248,055	1,409,763	643,539	71,898	715,437	694,326	518,169
(e) Vehicles								
Taken under finance lease	9,441,157	-	9,441,157	8,198,913	466,712	8,665,625	775,532	1,242,244
(f) Office equipment								
Owned	2,373,792	104,912	2,478,704	949,132	126,311	1,075,443	1,403,260	1,424,660
(g) Electrical Installments								
Owned	5,906,547	8,551	5,915,098	5,040,358	261,076	5,301,434	613,664	866,189
(h) Others (specify nature), e.g. Computer, container, etc.								
Owned	8,863,254	259,166	9,122,420	5,872,201	628,503	6,500,704	2,621,716	2,991,053
Total	534,254,850	29,259,486	563,514,335	179,279,191	22,861,049	202,140,240	361,374,095	354,975,659
Previous year	509,595,292	24,659,558	534,254,850	155,724,360	23,554,831	179,279,191	354,975,659	353,870,932
Capital Work in Progress								
Plant and Equipment	-	91,893	91,893	-	-	-	91,893	

NOTE 12. FIXED ASSETS -INTANGIBLE ASSETS

Tangible assets	Gross block			Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2011	Additions/ Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation/ Elimination amortisation expense for the year	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Goodwill	6,913,299	-	6,913,299	6,913,299	-	6,913,299	-	-
Total	6,913,299	-	6,913,299	6,913,299	-	6,913,299	-	-
Previous year	6,913,299		6,913,299	6,913,299	-	6,913,299	-	-

Depreciation and amortisation relating to continuing operations:

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets	22,861,049	24,075,363
Depreciation and amortisation relating to continuing operations	22,861,049	24,075,363

Details of assets acquired under hire purchase agreements:

Particular	Gross block		Net block	
	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2012	As at 31 March, 2011
Vehicles	9,441,157	9,441,157	775,532	1,242,244

Notes forming part of the financial statements

NOTE 13. NON-CURRENT INVESTMENTS

(Amount in Rs.)

Particular	As at 31 March, 2012		As at 31 March, 2011	
	Unquoted	Total	Unquoted	Total
Investments (At cost):				
(A) Trade Investment				
1079540 (As at 31 March, 2011: 1079540) shares of 10 each fully paid up in R L STEELS & ENERGY LTD	10686750	10686750	10686750	10686750
9300 (As at 31 March, 2011: 9300) shares of 100 each fully paid up in GUPTA CONCAST LTD	930000	930000	930000	930000
Total - Trade (A)	11616750	11616750	11616750	11616750
(B) Other investments				
National saving Certificate	-	-	6000	6000
Total (A+B)	11616750	11616750	11622750	11622750

NOTE 14. INVENTORIES (At lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Raw materials	66,203,441	48,567,834
(b) Work-in-progress	142,755,503	163,083,681
(c) Finished goods (other than those acquired for trading)	70,120,979	56,257,117
(d) Stock-in-trade Scrap & Packing Material	3,753,677	3,114,288
(e) Stores and spares	26,576,495	25,731,380
Total	309,410,094	296,754,301

NOTE 15. TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	16,691,322	11,890,820
	16,691,322	11,890,820
Other Trade receivables		
Unsecured, considered good	287,920,329	186,579,523
	287,920,329	186,579,523
Total	304,611,651	198,470,343

NOTE 16. CASH AND CASH EQUIVALENTS

(a) Cash on hand	2,010,502	2,031,954
(b) Balances with banks		
(i) In current accounts	7,395,550	5,002,122
(ii) In deposit accounts (Refer Note (i) below)	9,211,805	9,294,379
Total	18,617,857	16,328,455

Notes forming part of the financial statements

NOTE 17. SHORT-TERM LOANS AND ADVANCES

(Amount in Rs.)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Security deposits		
Unsecured, considered good	5,466,023	5,637,004
(b) Loans and advances to employees		
Unsecured, considered good	916,965	2,097,746
(c) Prepaid expenses - Unsecured, considered good	431,946	894,233
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	17,158,345	12,688,063
(ii) VAT credit receivable	21,120,336	24,304,256
(iii) Service Tax credit receivable	1,304,942	4,431,533
	39,583,623	41,423,851
(e) Others- Advance to Suppliers & Other Advances		
Unsecured, considered good	58,210,690	46,346,052
Total	104,609,247	96,398,889

NOTE 18. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

18.1 Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities		
(a) Claims against the Company not acknowledged as debt		
Income Tax-A.Y. 2004-2005	416,295	416,295
Income Tax-A.Y. 2003-2004	1,000,000	1,000,000
Income Tax-A.Y. 2003-2004	365,451	365,451
Income Tax-A.Y. 2002-2003	326,377	326,377
Income Tax-A.Y. 2001-2002	1,071,661	1,071,661
Income Tax-A.Y. 2000-2001	533,572	533,572
Income Tax-A.Y. 1999-2000	44,149	44,149
Sales Tax	1,964,039	2,325,425
(b) Guarantees	10,619,000	9,794,000

18.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	13,803,581	8,075,467
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Notes forming part of the financial statements

18.3 Value of imports calculated on CIF basis :

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Raw materials	3,449,278	3,265,293
Components	-	-
Spare parts	86,299	389,717
Total Components and spare parts	86,299	389,717
Capital goods	2,152,232	2,402,213

18.4 Expenditure in foreign currency:

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Foreign Travelling	7,111,717	850,531
Commission	192,403	628,582
Other matters	-	-

18.5 Details of consumption of imported and indigenous items *

	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Amount in Rs.	%	Amount in Rs.	%
Imported				
Raw materials	3,449,278	0.45%	3,265,293	0.52%
Components	-	0.00%	-	0.00%
Spare parts	86,299	0.11%	389,717	0.44%
Total	3,535,577		3,655,010	
Indigenous				
Raw materials	768,439,383	99.55%	625,238,150	99.48%
Components	-	0.00%	-	0.00%
Spare parts	79,312,310	99.89%	87,517,814	99.56%
Total	847,751,693		712,755,964	

18.6 Earnings in foreign exchange:

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Export of goods calculated on FOB basis	619,937,341	410,852,779

Notes forming part of the financial statements

Note 18.7 Disclosures under Accounting Standards (contd.)

Segment information

(Amount in Rs.)

Particulars	Year ended 31 March, 2012		
	Business segments		Total
	Hand Tools	Leaf Spring	
Revenue	1,021,695,693	523,918,896	1,545,614,590
External Sales			-
Total Revenue	1,021,695,693	523,918,896	1,545,614,590
Results			-
Segment Results	87,288,439	-60,294,055	26,994,384
other Information	-	-	-
Segment Assets	974,470,721	215,643,865	1,190,114,586
Investments	11,616,750	-	11,616,750
Total	986,087,471	215,643,865	1,201,731,336
Segment Liabilities	555,853,988	383,445,895	939,299,883
Share Capital & Reserve	430,095,184	-190,994,568	239,100,616
Un-allocable D. Tax Liability	22,588,299	23,192,538	45,780,837
Total	1,008,537,471	215,643,865	1,224,181,336

Note 18.8 Disclosures under Accounting Standards (contd.)

Related party transactions		Year ended 31 March, 2012	Year ended 31 March, 2011
Details of related parties:	Type of Transaction		
R.L. Steels & Energy Ltd	Sales Of Goods	109,976,522	156,693,500
R.L. Steels & Energy Ltd	Purchases Of Goods	794,771,040	681,827,000
Akar Alloys Pvt Ltd	Loans & Advances	-	-800,000
Aurangabad Forgings P.Ltd.	Rents	300,000	300,000
Gupta Concast Ltd.	Lease Rent	600,000	600,000
N.K. Gupta	Loans & Advances	-	406,000
Nitin Gupta	Rents	360,000	360,000
R.L.Gupta	Loans & Advances	-	484,860
Sant Eknath Rolling Mill P Ltd	Loans & Advances	200,000	200,000
Shatrunji Investments Pvt.Ltd.	Loans & Advances	2,247,605	2,247,605
Shatrunji Investments Pvt.Ltd.	Rents	78,000	78,000

Notes forming part of the financial statements

Note 18.9 Disclosures under Accounting Standards (contd.)

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Earnings per share		
Basic		
Continuing operations		
Net profit / (loss) for the year from continuing operations	22,296,022	40,176,293
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	22,296,022	40,176,293
Weighted average number of equity shares	5,394,005	5,394,005
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic	4.13	7.45
Continuing operations		
Net profit / (loss) for the year from continuing operations	22,296,022.27	40,176,293.03
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	22,296,022.27	40,176,293.03
Add: Interest expense and exchange fluctuation on convertible bonds (net)		
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)		
Weighted average number of equity shares for Basic EPS		
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive		
Weighted average number of equity shares - for diluted EPS	5,394,005.00	5,394,005.00
Par value per share	10.00	10.00
Earnings per share, from continuing operations - Diluted	4.13	7.45

Note 18.10 Previous year's figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTE 19. REVENUE FROM OPERATIONS

(a) Sale of products- EXPORT SALES	344,091,093	422,133,572
Sale of products- DOMESTIC SALES	1,059,529,815	718,765,295
(b) Other operating revenues	140,919,180	123,100,665
	1,544,540,089	1,263,999,532
Less:		
(c) Excise duty	-116,092,995	-84,746,130
Total	1,428,447,094	1,179,253,402

NOTE 20. OTHER INCOME

(a) Interest income	1,074,502	1,275,013
Associates	-	1,302,832
Total	1,074,502	2,577,845

Notes forming part of the financial statements

NOTE 21. COST OF MATERIALS CONSUMED

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Opening stock	48,567,835	24,918,594
Add: Purchases	829,618,430	680,647,757
	878,186,265	705,566,351
Less: Closing stock	66,203,441	48,567,834
Cost of material consumed	811,982,823	656,998,517
Material consumed comprises:		
Raw material	771,888,661	628,503,443
Job work Expenses	40,094,162	28,495,074
Total	811,982,823	656,998,517

NOTE 22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Inventories at the end of the year:		
Finished goods	70,120,978	56,257,117
Work-in-progress	142,755,503	163,083,681
Stock-in-trade	3,753,677	3,114,287
	216,630,157	222,455,086
Inventories at the beginning of the year:		
Finished goods	56,257,117	53,189,967
Work-in-progress	163,083,681	120,190,018
Stock-in-trade	3,114,338	4,348,390
	222,455,136	177,728,374
Net (increase) / decrease	5,824,979	-44,726,711

NOTE 23. EMPLOYEE BENEFITS EXPENSE

Salaries and wages	78,258,834	68,813,355
Contributions to provident and other funds	5,775,781	5,238,131
Staff welfare expenses	2,720,405	2,257,369
Total	86,755,020	76,308,856

NOTE 24. FINANCE COSTS

(a) Interest expense on:		
Borrowings	51,771,555	40,050,178
(b) Other borrowing costs	10,435,853	8,811,101
Total	62,207,408	48,861,280

Notes forming part of the financial statements

NOTE 25. OTHER EXPENSES

(Amount in Rs.)

Particulars	Year ended 31 March, 2012	Year ended 31 March, 2011
Consumption of stores and spare parts	79,398,609	87,907,531
Consumption of packing materials	38,923,372	39,189,498
Power and fuel	153,750,130	113,849,037
Water	824,908	758,145
Repairs and maintenance - Buildings	512,221	606,459
Repairs and maintenance - Machinery	4,288,308	3,602,153
Repairs and maintenance - Others	1,532,906	1,029,891
Insurance	1,668,002	1,959,606
Rates and taxes	66,857,383	39,742,918
Communication	1,121,496	1,071,969
Travelling and conveyance	5,112,282	4,787,743
Printing and stationery	1,330,014	1,468,831
Freight and forwarding	35,160,776	36,372,834
Sales discount	10,122,136	10,948,694
Business promotion	2,749,775	11,837,646
Donations and contributions	67,200	155,300
Legal and professional	5,331,827	4,431,643
Payments to auditors	50,000	40,000
Loss on fixed assets sold / scrapped / written off	-	84,392
Miscellaneous expenses	4,094,587	3,572,048
Total	412,895,932	363,416,338

NOTE 25 OTHER EXPENSES (Contd.)

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	40,000	40,000
For taxation matters	10,000	-
Total	50,000	40,000

In terms of our report attached.

For A K Bagadia & Co.
Chartered Accountants
FRN 100846W

A K Bagadia
Proprietor
Membership No. 30520

Place: Mumbai
Date: 30th August 2012

For and on behalf of the Board of Directors

R L Gupta
Chairman

N K Gupta
Director

Place: Mumbai
Date: 30th August 2012

Sunil Todi
Managing Director

Reshma Talbani
Company Secretary

AKAR TOOLS LIMITED

Regd. Office: 304, Abhay Steel House, Baroda Street, CarnacBunder, Mumbai-400009

FORM OF PROXY

Regd. Folio No. Name
DP ID No. of Shares held
Client ID Proxy No.

I/We

Address

Being a members of AKAR TOOLS LIMITED, hereby appoint

Address

Failing him/her

Address

As my /our proxy to attend and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai – 400021 on Saturday the 29th September, 2012 at 10.30 a.m. and at any adjournment thereof.



Signed this day of 2011

(Signature)

Notes:

- 1 This form should be signed across the stamp as per the specimen signature recorded with the Company.
- 2 The proxy form duly completed must reach the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- 3 A proxy need not be a member of the Company.



AKAR TOOLS LIMITED

Regd. Office: 304, Abhay Steel House, Baroda Street, CarnacBunder, Mumbai-400009

ATTENDANCE SLIP

Regd. Folio No. Name
DP ID No. of Shares held
Client ID Proxy No.

I hereby record my presence at the 23rd Annual General Meeting of the Company held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai – 400021 on Saturday the 29th September, 2012 at 10.30 a.m.

1. Full Name of the Members
2. Full Name of the joint –holder(s)
3. Full Name of the Proxy
4. Signature of the Member/Proxy attending the meeting

NOTE: MEMBER/PROXY ATTENDING THE MEETING MUST FILL-IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE VENUE OF THE MEETING.

