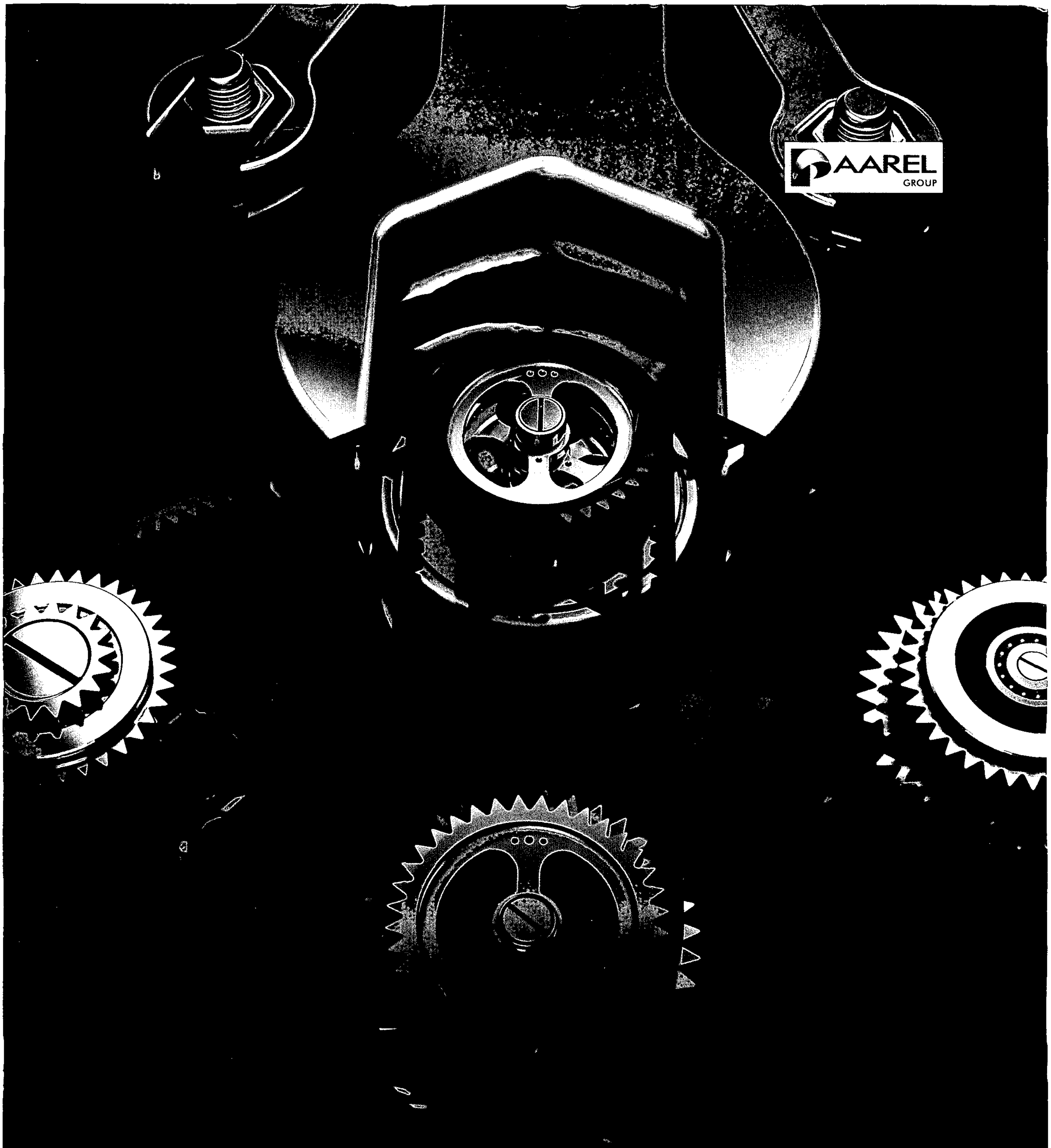

Akar Tools Ltd.

20th Annual Report 2008-09

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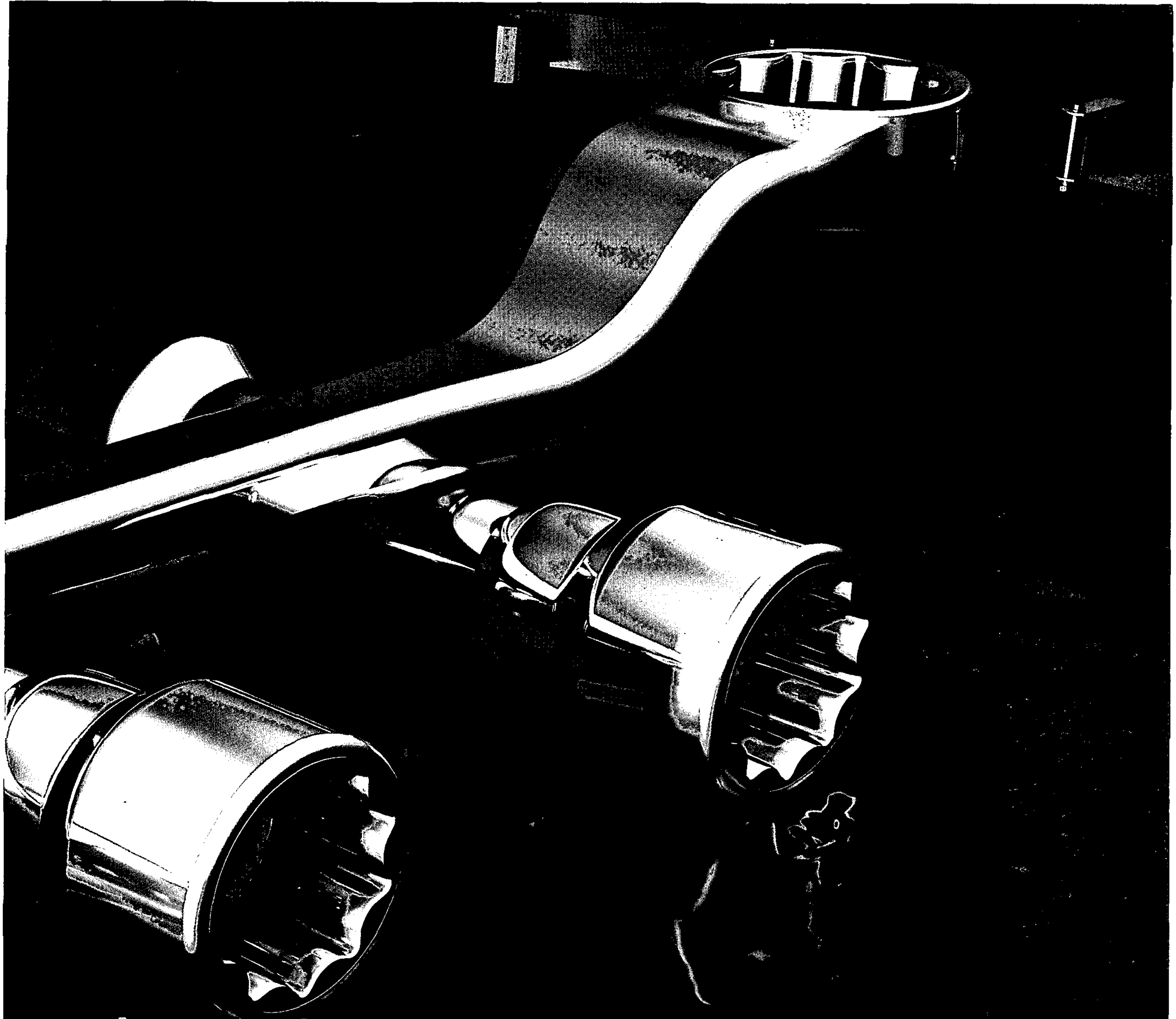


A tyre punctures.

The owner extracts a spanner. Fits a stepney. Drives away.

An automobile develops a jerk.

The mechanic replaces the parabolic spring. Delivers better shock absorbing capability. Ensures smooth running.

A prominent automobile brand engages a dedicated component manufacturer.

The latter, in turn outsources commercial automotive forgings.

A public transportation company buys leaf springs.

What appear to be supposedly disparate events in India and across the world are actually attractive business opportunities for Akar Tools.

In the Company's role as a manufacturer of hand tools, parabolic springs, commercial automotive forgings and leaf springs.

Lineage

Commenced in 1989, Akar Tools Ltd is an associate company of the Aarel Group based in Aurangabad (India)

Business

Manufactures hi-quality precision engineered hand tools, leaf and parabolic springs as well as commercial automotive forgings for the domestic and export markets

Products

- Spanners / wrenches
- Carpenter / striking tools
- Automotive / construction tools
- Tool aprons
- Electrical / electronic tools
- Drop forged tools, leaf springs and automotive forgings (value added products)

Location

- Headquartered in Aurangabad, Maharashtra
- The Company has four manufacturing facilities in Aurangabad with cutting-edge technology

Presence

- Marketing presence across 16 states in India
- Export presence in more than 30 countries (the US, Europe, Japan, Australia, among others)
- 30% of revenues derived from exports in 2008-09
- Listed on the Bombay Stock Exchange Ltd

Clientele

- Customers include retail companies, original equipment manufacturers and public transport departments

Assets

- The Company has a large fleet of plant, machinery and equipment worth Rs. 5,000 lacs
- It has a professional, experienced team of 400 members

Certifications

- The Company is ISO 9001-2000 certified
- It enjoys GS certification from TUV (Rheinland) Safety Gmbh, Germany, for the manufacture of spanners
- The Company's products meet stringent ANSI and DIN quality standards

Unit	Range	Capacity	Capacity utilisation
I	Hand tools	2400 TPA	100%
II	Hand tools and automotive commercial forgings	2400 TPA	80%
III	Parabolic springs	14400 TPA	NA
IV	Leaf springs	5400 TPA	90-95%

Turnover*
14.52%
3-year CAGR

EBIDTA
25.18%
3-year CAGR

Cash profit
3.32%
3-year CAGR

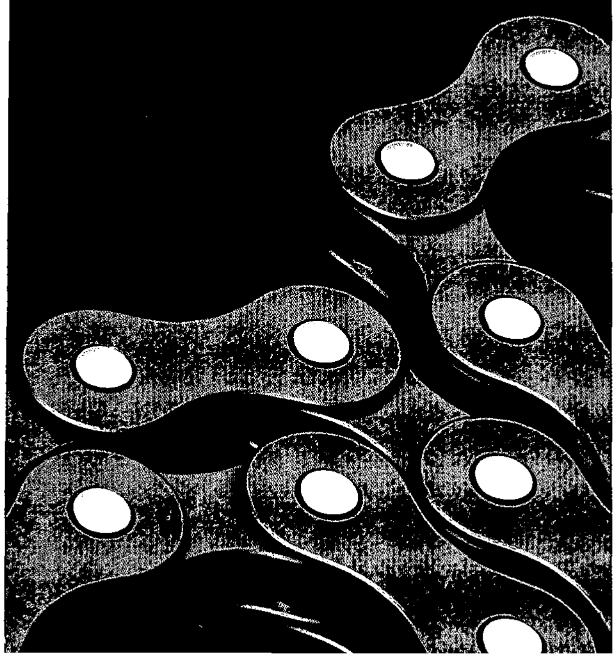
* Including other income

In a challenging 2008-09, when most peers reported weaker numbers, we reported higher revenues and EBIDTA

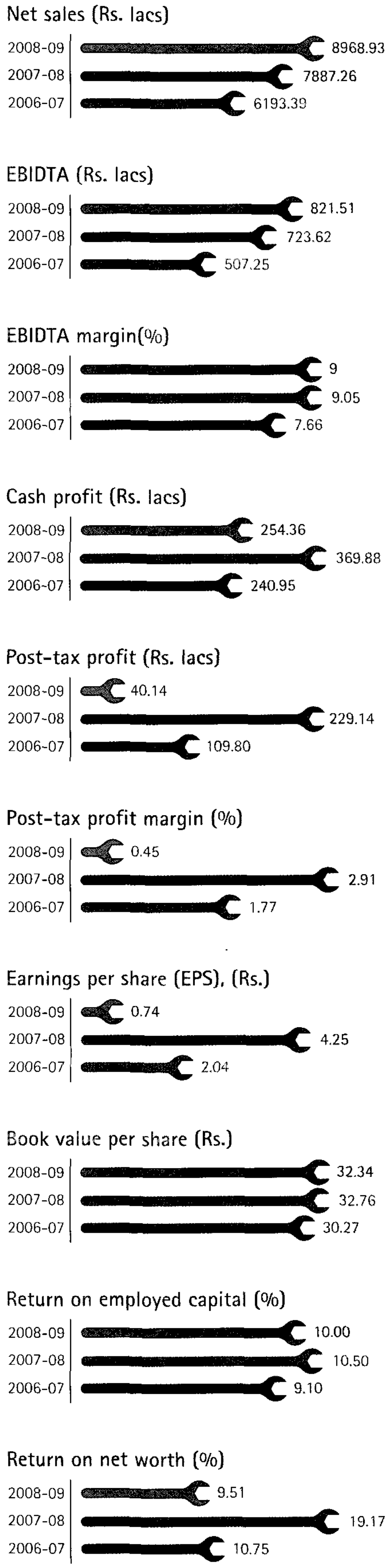
- Net sales stood at Rs. 8,968.93 lacs compared to Rs. 7,887.26 lacs in 2007-08
- EBIDTA stood at Rs. 821.51 lacs compared to Rs. 723.62 lacs in 2007-08
- Post-tax profit stood at Rs. 40.14 lacs compared to Rs. 229.14 lacs in 2007-08
- Cash profit stood at Rs. 254.36 lacs compared to Rs. 369.88 lacs in 2007-08.
- Earnings per share stood at Rs. 0.74 compared to 4.25 in 2007-08

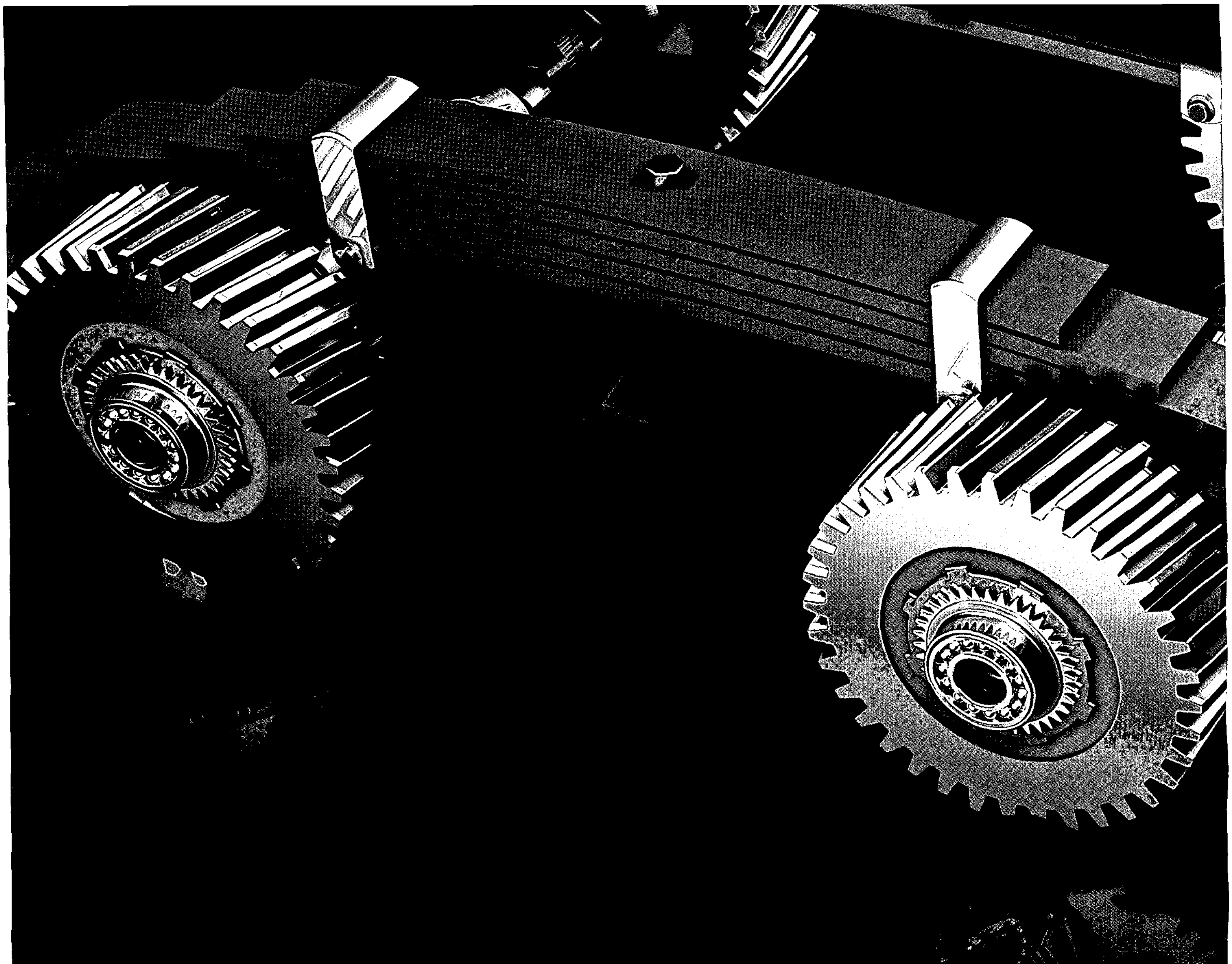
Marketing

- Retained position as the largest exporter of hand tools of India
- Expanded to new markets like Turkey, Egypt, Iran and Middle East, among others



Highlights





From two businesses to four

IN 2008-09, WHEN MOST COMPANIES STAGGERED THEIR CAPITAL EXPENDITURE, AKAR TOOLS EXTENDED FROM TWO BUSINESSES TO FOUR.

At the year-start, the Company was engaged in the manufacture of hand tools and leaf springs. By the year-close, Akar had commissioned capacities for the manufacture of commercial automotive forgings and parabolic springs .

At the year-start, the Company addressed growing needs of the DIY and transport department segments. By the year-close, Akar had widened its sectoral relevance to specialised automotive component manufacturers and the replacement automotive segment as well,

At the year-start, the Company's businesses possessed Rs. 7,994 lacs of annual revenue potential at full production. By the year-close, Akar had raised its revenue potential to Rs. 9,137 lacs.

The increase in businesses and revenue potential were entirely funded out of accruals and debt, generating prospects of an attractive increase in shareholder value over the foreseeable future.

When one plus one is three.

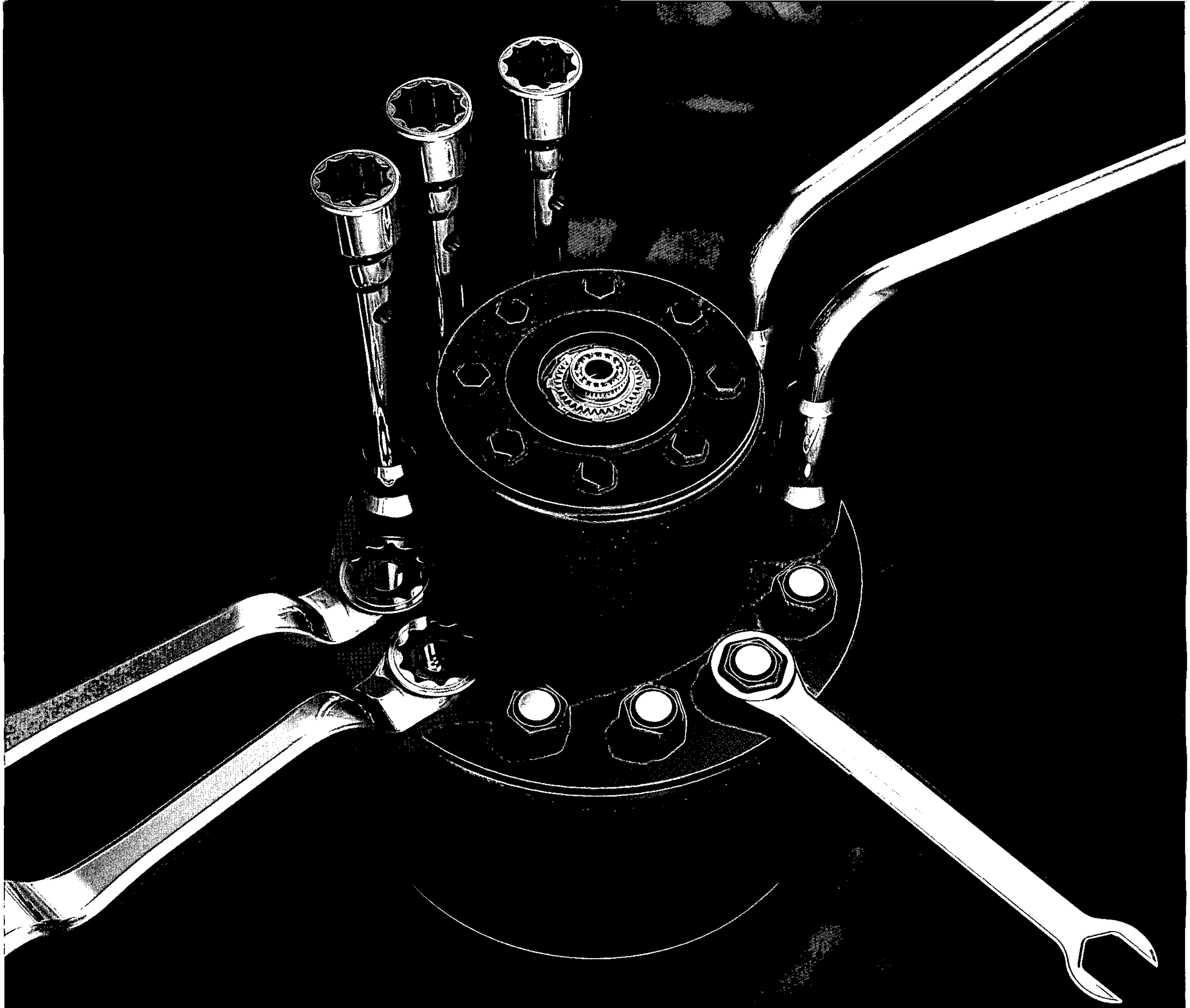
AKAR TOOLS PLUS RL STEELS AND ENERGY LTD. (RLS) EQUALS COMPETITIVE ADVANTAGE.

Akar Tools manufactures parabolic springs and commercial automotive forgings. Group company RL Steels manufactures critical raw material like alloys steels used in their manufacture.

This is how the Akar-RLS combination is translating into a market-beating advantage:

- *Both companies are located in Aurangabad, saving costs in a freight-sensitive* business.
- The respective managements work closely to customise end product quality from the alloy steel raw material stage onwards
- The timely availability of alloy steel is a decided advantage in a business marked by extended delivery schedules that would otherwise make it impossible to service customers with speed

Going ahead, Akar expects to evolve its product profile in a manner that raises captive consumption of RLS's steel from 20% of its total raw material mix to 50% with corresponding implications of value-addition and profitability.



Global proxy, Indian origin

WHEN ANY PROMINENT AMERICAN DO-IT-YOURSELF HAND TOOL KIT BRAND INTENDS TO OUTSOURCE SPANNERS, ONE OF THE FIRST NAMES ON ITS RECALL IS INEVITABLY AKAR TOOLS.

For a number of reasons.

- Akar Tools is one of the most competitive spanner manufacturers in the world
- Over the years, the Company has demonstrated a combination of technology absorption capability on the one hand and one of the largest dedicated spanner capacities in the world
- This investment has been complemented by a high service commitment - wide range, robust packaging, confidence-enhancing product appearance, credible product performance, customised features, multi-product supply, quick delivery and superior price value.

This was the result: more than 2000 MT from the Company's Unit One (of a capacity of 2400 TPA) was marketed to a demanding clientele in USA alone.

Strengths

Technology

Akar invested in Makino CNC machines,
collocate polishing machines and vibrators, among others.

Quality

Akar's quality excellence has been showcased in its ISO 9001-2000 certification,
GS certification from TUV (Rheinland) Safety Gmbh and ANSI and DIN certifications

Scale

Akar's cumulative capacity of 22,200 TPA
generates attractive economies of scale

Portfolio

Akar's four business products
service multiple customer needs

Integrated

The Group manufactures alloy steel and
downstream products - an integration

Customers

Akar's customers comprise reputed OEMs like Bajaj Auto,
Tata Motors, Ashok Leyland, Escorts, among others

Skills

Akar's human capital comprises
youth and experience.

Relationships

Akar enjoys a long standing relationship with
clients ensuring revenue predictability.

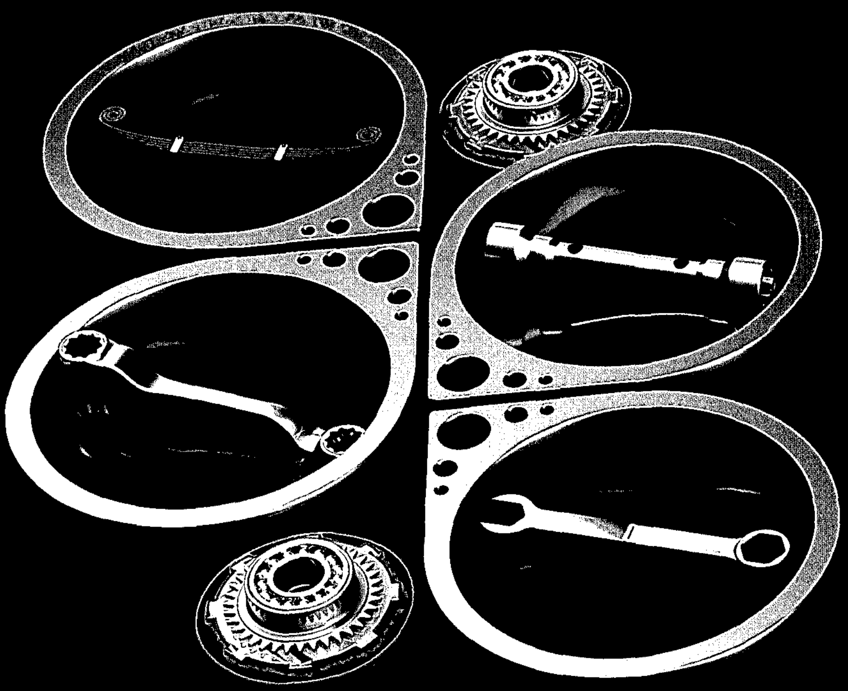
Presence

Akar is present
across 30 countries.

Location

Presence in Maharashtra (accounts for 38% of the country's automobile output), home to automobile companies like Bajaj Auto Ltd, Daimler Chrysler, Fiat, Skoda Auto, John Deere, Tata Motors, Kinetic Engineering, Cummins and Bharat Forge, among others.

"Despite a challenging 2008-09, we increased our revenues, reported the highest ever EBIDTA and the second highest EBIDTA margin in four years."



How would you appraise the last financial year for Akar Tools?

Considering that the financial year of 2008-09 was the most challenging in living memory for the global economy, we did a commendable job: we increased our revenues, we reported the highest ever EBIDTA and we registered the second highest EBIDTA margin in four years.

How was the Company affected by the challenging circumstances of 2008-09?

In a number of ways. During the first half, the Company was affected by the rising cost of steel (our principal raw material) that could not be passed on to our customers. During the second half, customer enquiries declined significantly; quarterly revenues that had peaked at Rs. 2672 lacs in the second quarter declined successively to a trough of Rs. 1917 lacs in the fourth quarter. The Company embarked on a number of cost-cutting and process streamlining initiatives that actually strengthened our margins even as our revenues declined. This is visible in the quarterwise numbers: EBIDTA margin actually

R. L. Gupta, Chairman,
looks at the brighter side of a challenging 2008-09

increased from 7.04% in the second quarter to 7.65% and 9.70% in the successive quarters. The two reasons why this did not reflect in the bottomline was on account of a higher interest outflow (on account of the debt mobilised to create parabolic spring capacity) as well as the rising depreciation.

How did the Company strengthen its business in 2008-09?

There were a number of positives that emerged out of our performance of 2008-09. One, we strengthened our brand in US, where we continued to be the Company of first recall for a number of DIY kit importers. Two, we initiated operational cost savings through production streamlining and increased 300 bps yields in two of our plants that began to be reflected from the first quarter 2009-10 onwards. Three, we went against the prevailing sentiment and invested in parabolic spring capacity that went on stream from April 2009. Four, we extended our product range in the second unit from hand tools (for the domestic market) to commercial automotive forgings. This will enable us to increase our revenues on the one hand and enhance our margins on the other.

When will this reflect in the Company's financials?

I am pleased to state that these initiatives have already translated into improved numbers in the first quarter of 2009-10. During the first quarter, even as we reported lower revenues (this was more on account of a decline in the cost of our raw materials that correspondingly translated into a lower price of our end product and, in turn, into a wider market acceptance), we reported an increase in our EBIDTA from Rs. 185.9 lacs in the preceding quarter to Rs. 271.8 lacs and a rise in the EBIDTA margin from 9.70% to 12.69%. This record - at all three levels - indicates an inflection point in our existence.

Where does Akar Tools go from here?

We are growing the business at various levels. One, we expect a higher throughput of parabolic springs to kick in from the current financial year. We expect to benefit from a larger proportion of commercial automotive forgings. We expect to increase the proportion of steel consumed from in-Group sources resulting in higher margins. We expect to widen our market spread and enhance revenues. The result is that we expect to generate revenues of Rs. 12,000 lacs during 2009-10 at attractive margins leading to a significant cash flow that will start a virtuous cycle of debt repayment, enhanced profitability and sustainably profitable growth.

Our growth strategy

- Introduce more downstream products to facilitate an increase in alloy steel consumption from Group sources from 20% to 50% of its requirement
- Increase the production capacity of forgings and leaf springs to 2500 TPM each by 2011.
- Extend from the manufacture of forgings to 100% machining, enhancing realisations
- Increase the proportion of finished components.
- Strengthen foothold in the unexplored markets of Africa and Middle East.
- Enhance the use of accruals in funding product and capacity expansion.

Industry review

Economy

In 2008, the U.S. and European economies weakened, consumer confidence declined, industrial customers reduced discretionary spending and decision cycles extended. Even through the adversity, India's GDP grew 6.7%, the second fastest in the world, on the back of a sustained investment in its infrastructure sectors.

Hand tools industry

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

These are used by householders and professionals (carpenters, plumbers, craftsmen, toolmakers etc). The industry is characterised by the following:

- **Labor intensive:** The hand tools industry is labor-intensive. This industry provides employment to about 200,000 (direct and indirect) people.
- **Energy intensive:** The industry is energy-intensive. Power accounts for around 10% of the manufacturing cost.It is estimated that in most economies adoption of energy-efficient processes and technologies can yield energy savings of 30 to 50%.
- **Economy contributor:** The hand tools industry facilitates technology up-gradation. The manufacturers of hand tools produce a comprehensive range of hand tools, right from carpentry and plumbing tools to striking and cutting tools.

The global hand tools and accessories sector is expected to grow at around 4.6% annually over 2001-2010 to US$19.9 billion by 2010. Europe and North America share over 64% of the global hand tools and accessories market. The Asia-Pacific region (barring Japan) is likely to provide the highest growth opportunity with a CAGR of around 9%, followed by Europe at 4.9%. The mechanics service tools segment constitutes the largest sector of global hand tools and accessories market with an approximated share of 56.7%. The market for edge tools market is likely to grow fastest with a CAGR of about 5.2% during the period of 2001-2010.

Developed regions like EU and the US have already been manufacturing and exporting hand tools for long. Even as growth is now coming out of developing economies,the emerging challenges comprise globalisation and automated alternatives.

The US: The US production of power and hand tools has been affected by lower cost imports. Asian countries are now emerging as leading suppliers due to their labor cost arbitrage advantages following which the US production of electric tools has declined even as US power and hand tool demand is forecast to increase over three % annually through 2012, resulting in a $14 billion industry. Gains will be driven by continued consumer interest in do-it-yourself (DIY) and home remodeling activities, new product introduction and a recovery in the professional construction market.

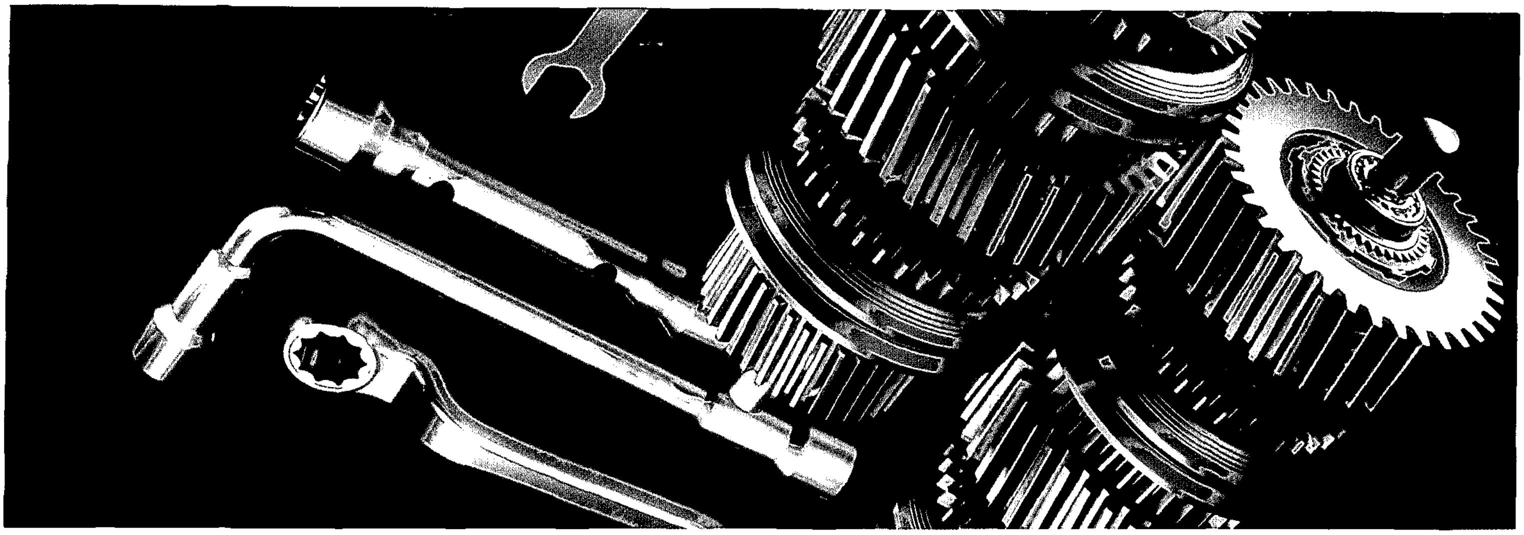
India: The market size of the hand tool industry in India is estimated at US$160 million. During the second half of 2008-9, hand tool demand was affected due to the economic and automobile slowdown in India and the world. However, the market for automotive and auto components has shown revival signs from the first quarter of 2009-10, enhancing optimism for the hand tools industry.

Automobile industry

India ranks twelfth among the world's 15 leading automakers as per the International Yearbook of Industrial Statistics 2008 (source: UNIDO). Despite recent sluggishness, the country's auto industry holds exciting potential for the following reasons: low vehicular penetration compared to the global average, a reality that is expected to correct. The sector is expected to launch around 50 models in 2009, correspondingly stimulating the demand for hand tools. The Automobile Mission Plan envisages a five-fold industry growth to US$145 billion by 2016 driven by growth in the Indian population and increasing disposable income. Vehicle production is expected grow 9% annually to 17 million by 2011-12.

India possesses several advantages that make it an attractive investment destination in the automobile sector:

- Low-cost, high-skill manpower with an abundance of engineering talent – the second largest in the world
- Well-developed, globally competitive auto ancillary industry
- Established automobile testing and R&D centres
- Among the lowest-cost steel producers in the world



Currently, India is one of the largest global producers of small cars and could emerge as a global manufacturing hub.

Auto components industry

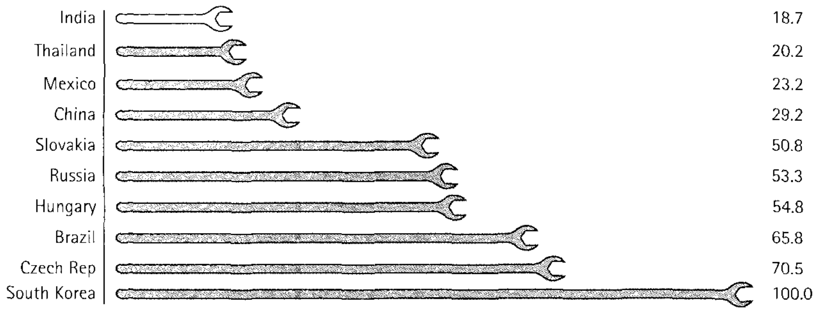
From a low-key supplier of components to the domestic market, the country's auto components industry has emerged as one of Asia's key auto component centres and a critical cog in the global supply chain. The turnover of the auto component industry is estimated to touch USD 40 billion by 2015-16 (source: Automotive Component Manufacturers Association of India). Investments in the auto component industry were estimated at USD 7.2 billion in 2007-08 and are likely to touch USD 20.9 billion by 2015-16. Exports are estimated to reach around USD 20-22 billion by 2015-16. In 2008-09, even as the automobile industry grew 2.96% to 11.17 million units, the components industry reported 6% growth (Source: Business Line).

India enjoys a 30% cost advantage in the manufacture of castings and forgings over western counterparts. The wage cost in Indian forging industry is less than 9% of sales; the US equivalent is around 40%. With potential cost savings, automakers prefer buying parts from low-cost countries like India. Seeing the growing popularity of India in the automotive component sector, the Investment Commission has set a target of attracting foreign investment worth USD 5 billion in seven years to increase India's share in the global auto components market from 0.9% to 2.5% by 2015. This is expected to translated into attractive growth for the hand tools segment as well.

Optimism

- India is expected to remain the world's largest tractor and three-wheeler manufacturers as well as the second largest two-wheeler manufacturer.
- By 2016, India is expected to emerge as the world's seventh largest car producer (eleventh largest currently) and retain its fourth largest position in the global truck manufacturing sector.
- By 2016, India's automotive sector is expected to double its contribution to the country's GDP to 10%.

Indian labour costs are low Index, hourly wage cost in 2008 (South Korea = 100.0)



Source: Global-production.com/scoreboard/labourcost.htm

India's comparative advantage

Country	Cost of small car (Euro)	Labour cost (Euro)	labour cost to total (%)
India	4,000	150	3.8
South Korea	4,600	750	16.3
East Europe	5,000	1,150	23

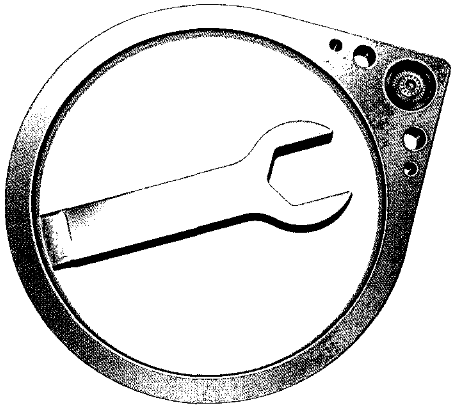
Source: automobile Industry

Government initiatives

The government has envisaged the Automotive Mission Plan 2016 to promote growth in the sector through the following targets:

- Emerging as the global favourite in the area of design and manufacture of automobiles and auto components.
- Taking the output to USD 145 billion, accounting for more than 10% of the GDP
- Offering additional employment to 25 million people by 2016

Besides, automatic approval for foreign equity investment up to 100% of the manufacture of automobiles and components is permitted. The automobile industry has been delicensed; there is no restriction on components import.



Hand tools for export

Unit 1

- Revenue in 2008-09 Rs. 3,060.96 lacs
- Contribution to the total revenue 34.13%
- Contribution to the export revenue 95.79%
- Presence International

THIS UNIT (INSTALLED CAPACITY 2400 TPA) MANUFACTURES HAND TOOLS DEDICATED TO THE DIY SEGMENT OF THE EXPORT MARKET.

Strengths

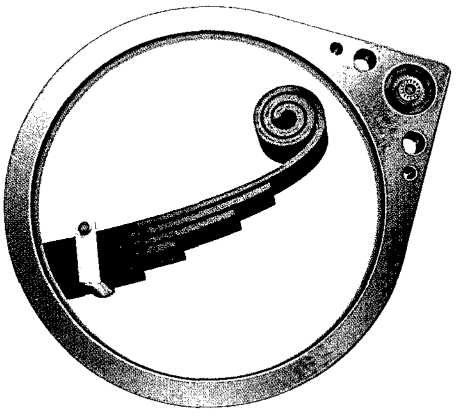
- *Range:* Akar addresses the multi-order spanner needs of clients, an industry edge.
- *Capacity:* Akar possesses the country's largest capacity for this product dedicated for the US market.
- *Rich relationships:* Akar enjoys long-standing relationships with prominent US retail brands for over a decade.

Highlights, 2008-09

- The unit reported a revenue of Rs. 3,060.96 lacs.
- Around 85% of the unit's production was exported to the US and the rest to Japan, Australia and Europe.

Outlook

The Company intends to sustain capacity utilisation at 100% in 2009-10 and generate Rs. 3,000 lacs in revenues.



Parabolic springs

Unit 3

- Revenue in 2008-09 Rs. 320 lacs
- Contribution to the total 3.5%
- Contribution to the domestic revenue 0.4%
- Contribution to the export revenue 9.48%
- Presence Domestic and international

THE UNIT WAS ESTABLISHED IN JANUARY 2008 AND BEGAN COMMERCIAL PRODUCTION IN APRIL 2008 (INSTALLED CAPACITY 14400 TPA), CATERING TO A LARGE GLOBAL REPLACEMENT MARKET.

Strengths

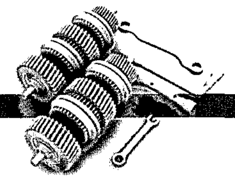
- *Capacity:* The unit possesses a large capacity to meet growing demand
- *Low logistic costs:* The captive Group steel plant has helped source superior raw material quicker at a lower logistics cost.

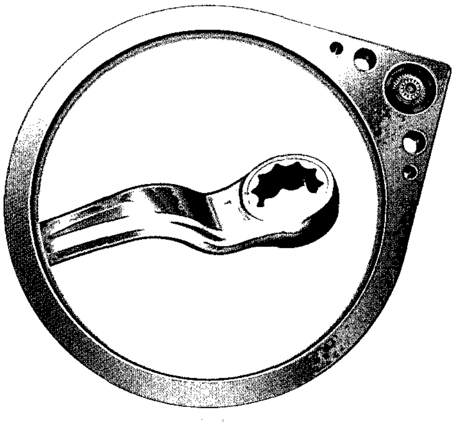
Highlights, 2008-09

- The unit will enhance export earnings (9.48% of overall exports) through a presence in Turkey, Egypt, Iran, Middle East, among others.

Outlook

The unit aims to generate revenues of Rs.2500 lacs in FY 2009-10 following a capacity utilisation of 60%.





Hand tools (domestic) and automotive commercial forgings

Unit 2

- Revenue in 2008-09 Rs. 2,670.79 lacs
- Contribution to the total 29.78%
- Contribution to the domestic revenue 44.24%
- *Presence Domestic*

THE UNIT (ESTABLISHED IN DECEMBER 2008, INSTALLED CAPACITY 2400 TPA) MANUFACTURES HAND TOOLS AND AUTOMOTIVE COMMERCIAL FORGINGS FOR DOMESTIC SALE.

Strengths

- *Extensive dealer network:* Some 200 pan-Indian dealers facilitate product distribution and reach.
- *Diversified portfolio:* Akar offers a wide range of products (including steel vices, screw drivers),widening its customer base.
- *Ready market:* Akar's Group steel plant facilitates timely raw material access for the manufacture of commercial forgings.
- *Customer registrations:* The unit is registered with 10 OEMs like Bajaj Auto, M&M, Tata Motors, Escorts, Ashok Leyland, Kirloskar, among others

Highlights, 2008-09

- The unit registered a revenue of Rs. 2,670.79 lacs
- The unit achieved a capacity utilisation of 80% in the first year of its commercial production of automotive commercial forgings
- The unit enriched its product mix from hand tools to automotive commercial forgings (50% of product mix) in December 2008.
- The unit imported specialised forging technology from Germany

Outlook

The Company expects to report revenues of around Rs. 3,600 lacs by increasing capacity utilisation from 80% to 100% by FY 2009-10. The Company intends to invest Rs. 1,500-2,000 lacs in automotive commercial forgings expansion.

Leaf springs

Unit 4

- Revenue in 2008-09 Rs. 2,916 lacs
- Contribution to the total revenue 32.52%
- Contribution to the domestic revenue 32%
- Presence Domestic

THIS UNIT WAS ESTABLISHED IN 1986 (INSTALLED CAPACITY 5400 TPA) TO MANUFACTURE LEAF SPRINGS FOR THE PUBLIC ROAD TRANSPORTATION SEGMENT.

Strengths

- *Low cost:* The unit enjoys the advantages of zero debt and low overheads
- *Customer focus:* The unit caters to only one customer type (ie. state transport department of Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh) resulting in dedicated service, higher efficiency and enhanced customer satisfaction.

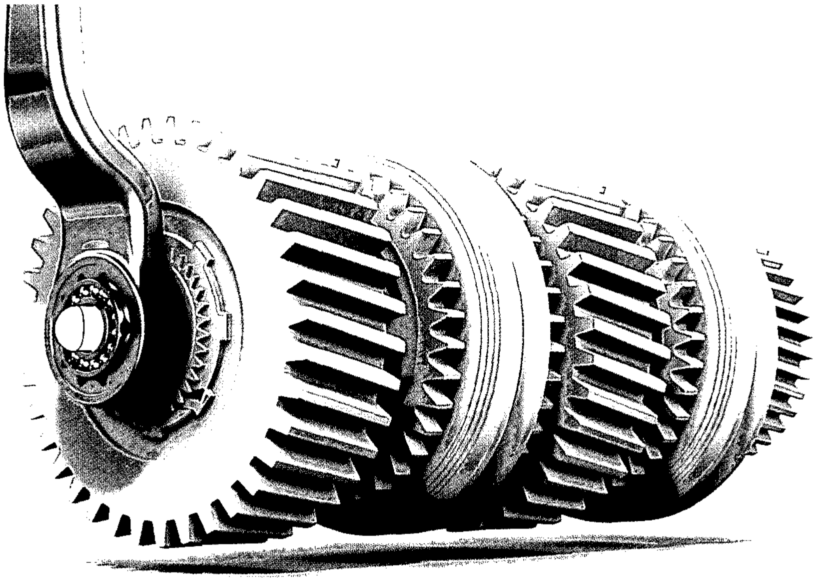
Highlights, 2008-09

- The unit achieved Rs. 2,916 lacs revenue in 2008-09 (Rs. 2,393.68 lacs in 2007-08) while catering to state road transportation agencies.
- The unit achieved a capacity utilisation of 90-95%

Outlook

The unit aims to achieve Rs. 3,500 lacs of revenue in FY 2009-10, an increase by 20% over the previous year.

Financial review



2008-09 vs 2007-08

- Net sales (excluding other income) increased 14.05% from Rs. 7,842.60 lacs in 2007-08 to Rs. 8,944.26 lacs in 2008-09
- EBIDTA increased 13.53% from Rs. 723.62 lacs in 2007-08 to Rs. 821.50 lacs in 2008-09
- PBT declined 51.05% from Rs. 338.84 lacs in 2007-08 to Rs. 165.86 lacs in 2008-09
- PAT declined 82.48% from Rs. 229.14 lacs in 2007-08 to Rs. 40.14 lacs in 2008-09
- Cash profit declined 31.23% from Rs. 369.88 lacs in 2007-08 to Rs. 254.36 lacs in 2008-09

Revenue analysis

The Company's net sales (excluding other income) increased 14.05% from Rs. 7,842.60 lacs in 2007-08 to Rs. 8,944.26 lacs in 2008-09 following increased capacity utilisation across the different units and commercialisation of automotive commercial forgings unit. Domestic sales increased 37% from Rs. 3,669.88 lacs to Rs. 5,034.44 lacs, while export revenues declined 11.66% from Rs. 3,319.81 lacs in 2007-08 to Rs. 2,932.11 lacs in 2008-09 owing to low realisations and a decline in demand. Going ahead, the Company intends to expand to Middle East, Turkey, Iran and Egypt. Non-core income declined 44.78% from Rs. 44.66 lacs in 2007-08 to Rs. 24.66 lacs in 2008-09. Other income as a proportion of the total income declined from 0.55% in 2007-08 to 0.28% in 2008-09, indicating the Company's sustained focus on its core business.

Margins

The Company's EBIDTA margin declined marginally by 1 basis points to 9.16% while net profit margin declined 246 basis points to 0. 45% following an increase in interest, depreciation and a one-time forex loss write-off. Going ahead, operating margins are expected to strengthen following optimum capacity utilisation of the parabolic spring capacity and the extension from the manufacture of hand tools to commercial automotive forgings.

Cost analysis

Total cost (excluding depreciation and interest) increased 14.38% from Rs. 7,270.33 lacs in 2007-08 to Rs. 8,315.71 lacs in 2008-09 in line with business growth. Operating cost as a percentage of total sales, increased marginally 6 bps from 90.94% in 2007-08 to 91% in 2008-09 through a change in the product mix.

Raw material consumption: Raw material consumption (62.48% of the total operating cost) increased by 30.98% owing to an increase in sales.

Manufacturing expenses: Manufacturing costs (3.14% of total operating expenses) decreased 5.6% owing to production streamlining.

Personnel: The recruitment of people in 2008-09 resulted in an increase in personnel costs by 19%.The increased personnel spending will be offset by a higher revenue per employee.

Selling expenses: The Company's selling expenses increased 24.30% from Rs. 43.24 lacs in 2007-08 to Rs. 53.75 lacs in 2008-09.

Sources of funds

Capital employed: The capital employed in the business increased 9.32% to Rs. 6,288.31 lacs in 2008-09 as against Rs. 5,751.98 lacs in 2007-08. The Company invested Rs. 1,000 lacs to fund capacities for commercial forgings and parabolic springs. The Company reported a 10% return on average capital employed during 2008-09 (10.5% in 2007-08), owing to lower profitability. The Company shall progressively reap the benefit of increased investment in capacity expansion from 2009-10 onwards.

Net worth: The Company's net worth, comprising equity share capital and reserves, decreased 1.30% from Rs. 1,767.29 lacs in 2007-08 to Rs. 1,744.33 lacs in 2008-09, mainly owing to a 1.87% decrease in reserves and surplus during the financial year under review. Return on owned funds was 9.51% in 2008-09 (19.71% in 2007-08).

Reserves and surplus: The Company's reserves and surplus decreased 1.87% from Rs. 1,227.89 lacs as on March 31, 2008 to Rs. 1,204.93 lacs as on March 31, 2009 owing to lower profitability during the financial year under review.

External funds: The size and cost of debt indicates the Company's strength to mobilise funds for projects. The Company's debt grew 12.33% from Rs. 3677.59 lacs as on March 31, 2008 to Rs. 4,131.11 lacs as on March 31, 2009, consequent to business growth. Short-term loans were largely used to meet working capital requirements, whereas long-term loans were utilised for various business expansions. Secured loans (92.67% of the total debt) increased 13.44% from Rs. 3,374.70 lacs in 2007-08 to Rs. 3828.32 in 2008-09 while unsecured loans (7.33% of total debt) decreased 0.03% from Rs. 302.89 lacs in 2007-08 to Rs. 302.79 lacs in 2008-09. Debt-equity ratio was 2.37 as on March 31, 2009 compared with 2.08 as on March 31, 2008 and is expected to correct following the enhanced utilisation of expanded capacities. Going ahead, the Company intends to repay debt and fund capex primarily through accruals.

Interest: The Company's interest outflow increased 80.88% from Rs. 244 lacs in 2007-08 to Rs. 441.43 lacs in 2008-09 owing to an increase in the coupon rate and debt quantum. This resulted in a rise in the average debt cost from 7.9% in 2007-08 to 11.3% in 2008-09. The Company's interest cover was 1.86 in 2008-09 (2.97 in 2007-08).

Application of funds

Gross block: The Company increased its gross block from Rs. 4,021.10 lacs in 2007-08 to Rs. 5034.84 lacs in 2008-09. Return on gross block declined from 17% in 2007-08 to 15.10%, owing to aggressive investments in creating additional infrastructure. Return on gross block is expected to increase following the optimum utilisation of enhanced capacity. The addition to gross block was on account of the establishment of the parabolic springs unit of 14,400 TPA.

Depreciation: The Company consistently provided depreciation on the written down value method. The increase in depreciation from Rs. 1,153.12 lacs in 2007-08 to Rs. 1,367.33 lacs in 2008-09 was mainly due to addition in fixed assets (plant & machinery) at the parabolic leaf spring unit. Accumulated depreciation as a percentage of gross block was only 27.16%, indicating gross block newness.

Investments: The Company's Rs. 216.23 lacs investment portfolio constituted 0.53% of the capital employed as on March 31, 2009 and remained the same compared to the previous year.

Working capital management: Working capital is essential to manage daily operations and overheads. Working capital increased from Rs. 2,295.25 lacs as on March 31, 2008 to Rs. 2,400.13 lacs as on March 31, 2009, primarily owing to an inventory increase. Despite an increase in absolute value, working capital as a proportion of capital employed declined from 39.9% as on March 31, 2008 to 38.17% as on March 31, 2009. The current ratio stood at 2.36 and quick ratio at 1.23 as on March 31, 2009, indicating the Company's position to meet short-term obligations.

Inventory: Inventory increased from Rs. 1,621.39 lacs as on March 31, 2008 to Rs. 1,995.62 lacs as on March 31, 2009. The Company's inventory cycle increased from 37 days of turnover equivalent in 2007-08 to 73 days in 2008-09 owing to enhanced scale requiring a larger storage of inventory.

Debtors: The Company's debtors increased 21.02% from Rs.1,363.95 lacs as on March 31, 2008 to Rs. 1,650.71 lacs as on March 31, 2009 consequent to business growth. The debtors' cycle stood at 61 days of turnover equivalent in 2008-09 compared with 31 days in 2007-08.

Loans and advances: Loans and advances constituted 15.54% of the total current assets, decreasing 7.25% from Rs. 402.12 lacs as on March 31, 2008 to Rs. 372.97 lacs as on March 31, 2009. This comprised advances to suppliers and security deposits, among others. Of the loans and advances balance as on March 31, 2009, 85% is expected to be liquidated in 12 months.

Current liabilities: The Company's current liabilities increased from Rs. 1105.62 lacs as on March 31, 2008 to Rs. 1680.92 lacs as on March 31, 2009 largely owing to an increase in scale. Sundry creditors (from whom it bought raw material and other goods) were the largest component under this head, accounting for 95.31% of the Company's current liabilities. Though creditors increased in absolute numbers, average creditors' cycle declined from 96 days in 2007-08 to 71 days in 2008-09, indicating a faster payment, strengthening its relationship with creditors. Provisions - comprising income tax, fringe benefit, proposed dividend and dividend tax - decreased 47.49% from Rs. 157.29 lacs as on March 31, 2008 to Rs. 82.59 lacs as on March 31, 2009.

Forex management

The Company was exposed to foreign exchange fluctuations owing to earnings and expenditure in foreign exchange (import of machinery). The Company is actively into forward contracts in the foreign exchange market to hedge against any appreciation in the domestic currency.

Taxation

The Company's current tax liability decreased 71.31% to Rs. 17.36 lacs in 2008-09 owing to low profitability during the financial year under review. The Company's income was taxed at an average 11.33%. i.e Minimum Alternative Tax (MAT). The Company enjoyed no tax benefit during the financial year under review.

Report of the Directors

Dear Shareholders

Your Directors present the 20th Annual Report along with Audited Statement of Accounts for the year ended March 31, 2009.

Financial results at a glance

(Rs. in lacs)

	March 31, 2009	March 31, 2008
Sales and other income	8,968.93	7,887.26
Profit before tax	165.86	338.83
Profit after tax	40.14	229.13
Balance brought forward	484.07	364.6
	524.21	**593.73**
Appropriations		
Dividend	53.94	80.91
Dividend tax	9.16	13.75
General reserve	15.00	15.00
Balance carried forward	446.11	484.07
	524.21	**593.73**
Earning per share	0.74	4.25

Operations

Net sales turnover was Rs. 8,968.93 lacs as compared with Rs. 7,887.26 lacs during 2007-08. The profit before tax during 2008-09 was at Rs. 165.86 lacs (previous year Rs. 338.83 lacs).

The growth in revenue was impacted by the slowdown in industry. The decline in profitability was due to overall slowdown in economy which impacted the demand for the Company's product coupled with soaring raw material prices for major part of the financial year.

All expansion programs under progress are on schedule.

Dividend

Your Directors recommended a dividend of 10% (i.e. Re. 1.00 per share) on 53,94,005 equity shares of Rs. 10 each for 2008-09.

Management discussion and analysis

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

Auditors

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

Directors

Shri Sunil Todi and Shri Atul M Desai retire by rotation and offer themselves for reelection, which your Directors consider to be in the best interests of the Company.

Directors' responsibility statement

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

1. That in the preparation of annual accounts, the applicable accounting standard were followed along with proper explanation relating to material departures
2. That we selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That we took proper and sufficient care to maintain adequate accounting 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.

Conclusion

Your Directors wish to place on record the appreciation for the continued support 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 organisation.

On behalf of the Board

Place: Aurangabad
Date: September 03, 2009

R. L. Gupta
Chairman

Annexure to the Directors' Report

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

A. Power And Fuel Consumption

	Current year 2008-09	Previous year 2007-08
1. **Electricity**		
a) Purchased		
Units (KWH)	5607949	6358994
Total Amount (Rs. in Lacs)	248.52	263.07
Rate/Unit Rs.	4.43	4.13
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	1677.55	1777.37
Total Amount (Rs. in Lacs)	392.40	348.66
Average Rate Per MT	23391	19616
OTHER/ INTERNAL GENERATION	NA	NA
Quantity		
Total cost		
Rent/unit		

B. Consumption per unit of Production

	Current year 2008-09	Previous year 2007-08
1. Drop Forged Tools Production (MT)	3670.327	3135.91
Electricity Consumption (KW)	1527.92	1901.5
Fuel	210.25	264.37
2. Leaf Spring Production (MT)	5343.78	4887.65
Electricity Consumption (KW)	144.76	81.03
Fuel	213.52	194

C. Foreign Exchange Earning & Outgo

(Rs. in lacs)

	Current year 2008-09	Previous year 2007-08
i) Earnings:		
FOB Value of Exports	2572.56	3005.51
ii) Expenditures		
CIF Value of Imports		
Raw materials,	19.79	16.09
Spares & Consumables,	2.67	
Capital Goods	283.51	-
Expenses in Foreign Currency:		
Traveling / Fare abroad	8.04	13.93
Commission & Discount	45.19	17.58
	359.20	47.60

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 commercialisation 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 professional and experts in the manufacturing and R & D Department.

On behalf of the Board

Place: Aurangabad
Date: September 03, 2009

R. L. Gupta
Chairman

Management Discussion and Analysis Report

1. Industry structure and developments

The year was an eventful year for Indian economy. It suffered mainly on account of high and volatile crude oil prices, steep depreciation of Indian rupee against dollar as well as general slow down of major economies of the world. In addition to this, financial crisis particularly in the United States resulted in slowdown of major economies of the world. Consequently, Indian economy also slowed down and this impacted almost all industries. The automobile industry and auto component sector also suffered badly. Weakening of Indian rupees against US dollar was another important factor adversely impacts the Indian Industry.

Your Company was also impacted due to these factors by way of high material and energy costs and foreign currency exchange loss. However, the Company had taken effective measures to maintain its sales revenue. The Company anticipates that all the measures taken will help to maintain the profitability and growth.

2. Opportunities and threats

The completion of Parabolic Leaf Spring Unit of your Company is now capable to produce the parabolic leaf spring production during the 2008-09.

Easing of interest rates, Inflation and stable government at the centre will be definitely very helpful for revival of the economy.

The global meltdown had effected on all Industrial fields. The Company being a supplier of goods to OEMs and other segment, the growth is depend on the recovery and revival of the concern segments.

3. Outlook

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

4. Risk and concerns

The Company is exposed to external risks such as overall demand fluctuations in the market segment in which it operates reduction in relative market share for its products due to the impact of competition as well as internal risks such as variations in operational efficiency and cost structure. The Company is also exposed to financial risk in the form of foreign exchange fluctuations due to large exposure of foreign currencies that the Company has on account of exports and also interest rate variations. The Company is taking appropriate steps to guard it against these identified risks.

The following are the major risks associated

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

5. Internal control systems and their adequacy

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

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

6. Discussion on the financial performance

During the year under review the sales turnover of the Company increased from Rs. 7887.26 lacs to Rs. 8968.93 lacs registering a fair improvement and growth by 14% in difficult times as compared to the previous fiscal. The profit before tax of the current financial year was Rs. 165.86 lacs as against Rs. 338.83 lacs.

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

The Company believes that success of any organisation depends upon availability of human capital. Our assets are our people who work to innovate beyond and challenge established boundaries. Thus, employees are vital to the Company. We have a favourable work environment that encourages innovation and meritocracy. We focus on attracting the best and brightest talent and the meritocracy is the sole criteria for selection. The Company firmly believes that manpower is the most important asset, above all. The Company has good cordial relation with trade union and employees representatives and views these relationships as contributing positively to the success of the business. The employee's strength on March 31, 2009 was 408.

Cautionary statement

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

Corporate Governance

1. Company's philosophy on code of governance

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

2. Board of Directors

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

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

I. Name of Director: Shri Sunil Todi, Age: 46 years, Date of birth: September 29, 1963, Qualification: Chartered Accountant and Company Secretary, Date of appointment: November 10, 2006 Expertise: 18 years of business experience in steel, forging, tubes, chemicals, packaging and tools industry, Directorship as on March 31, 2009: R. L. Steels & Energy Limited, Surya Tools Pvt. Ltd.

II. Name of Director: Shri Atul M Desai, Age: 74 years, Date of Birth: 27.01.1950 Qualification: Science Graduate, LL.B., Attorney-at-Law. Date of Appointment: 10.11.2006, Expertise: possessing 33 years of experience in the field of Law, Specialisation in Mergers & Acquisition and Commercial Arbitratorship. Directorship held as on 31.03.2009: Jindal Southwest Holdings Ltd., TCFC Finance Ltd., Welspun Syntex Ltd; Remi Metals Gujrat Ltd.

3. Board meeting and AGM attendance

The Board met five times during 2008-09 at the Company's factories/ office at E-5, MIDC Area, Waluj Aurangabad on April 30, 2008, July 26, 2008, August 14, 2008, October 31, 2008, January 29, 2009.

Details of attendance of each Director of the Board Meetings and at last Annual General Meeting held on September 26, 2008 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	03	No	3	6
Shri N. K. Gupta	04	Yes	2	0
Shri Sunil Todi	05	Yes	1	1
Shri R. Machhar	03	Yes	1	6
Shri Atul M. Desai	02	Yes	4	0
Shri C. K. R Murugan	02	Yes	0	0
Shri P. M. Nijmapurkar	05	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 2008-09 by all Board members and the designated members of the Company's senior management.

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

Whistle Blower Policy

The Company did not implement on any formal whistle blower policy. However, no personnel was denied access to the Audit Committee of the Company.

5. Remuneration Committee

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

1 Shri N. K. Gupta

2 Shri Sunil Todi

3 Shri C. K. R. Murugan

4 Shri P. M. Nijampurkar

5 Shri Atul M. Desai

6 Shri Ravi Machhar

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

a) Recommending remuneration payable to Managing Director, other Directors as and when necessity arises

b) Reviewing sitting fee payable to Directors for attending Board meetings and Committee meetings, among others.

Details of remuneration paid: Shri Sunil Todi was paid Rs. 10.43 lacs and Shri P. M. Nijampurkar was paid Rs. 11.37 lacs. Total sitting fees paid to Directors was Rs. 0.40 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. Shri Bipin C. Gupta

Shri Bipin C. Gupta, Company Secretary, is the Compliance Officer of the Committee. The Company received six complaints from the shareholders during 2008-09. All complaints were resolved to the satisfaction of shareholders. No share transfer was pending as on March 31, 2009.

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)
19th	September 26, 2008	10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil
18th	September 28, 2007	10.30 am	Kamal Nayan Bajaj Hall, Ground Floor, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai-400021.	Nil
17th	November 10, 2006	10.30 am	Y. B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Voluntary delisting of securities from Delhi Stock Exchange as well As from Ahmedabad Stock Exchange

8. Disclosures

Related party transactions There were no material transactions with related parties during the year 2008-09 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, Auranagabad and provides assistance and guidance to shareholders under overall supervision and control of Shri Sunil Todi, Managing Director and Shri Bipin C. Gupta, Company Secretary.

Registrar & 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
20th Annual General Meeting

Date & Time : September 30, 2009 Time : 10.30 am

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

Date of book closure

September 25, 2009 to September 30, 2009 (both days inclusive)

Proposed dividend

10% i.e. @ Rs. 1.00 PER EQUITY SHARES

Listing of securities

Bombay Stock Exchange, Mumbai

Stock code

BSE code : 530621 Symbol : AKARTOOL EQ

Dematerialisation

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

1. National Securities Depositories Ltd
2. Central Depositories Services (India) Ltd

The ISIN number of the Share is IN E864E01013

Stock market data

Akar Tools Limited's Share at Bombay Stock Exchange Ltd

Month	Share price with BSE		BSE Sensex	
	High	Low	High	Low
April	46.40	38.05	17480.74	15297.96
May	47.60	35.05	17735.70	16196.02
June	44.70	31.00	16632.72	13405.54
July	40.00	27.00	15130.09	12514.02
August	38.35	33.00	15579.78	14002.43
September	38.45	28.75	15107.01	12153.55
October	32.30	19.60	13203.86	7697.39
November	23.40	15.00	10945.41	8316.39
December	22.95	17.25	10188.54	8467.43
January	20.75	16.00	10469.72	8631.60
February	16.65	14.00	9724.87	8619.22
March	17.55	13.85	10127.09	8047.17

Distribution of shareholding as on March 31, 2009

Shareholding range	Number of shareholders	% of holders to total number of shareholders	Shares in Rs.	% to total share capital
Up to 5000	2120	88.48	3108380	5.76
5001 to 10000	124	5.17	1030690	1.91
10001 to 20000	74	3.08	1186040	2.20
20001 to 30000	14	0.58	356040	0.66
30001 to 40000	8	0.33	304640	0.56
40001 to 50000	09	0.37	423900	0.79
50001 to 100000	10	0.42	792470	1.47
100001 and above	37	1.54	46737890	86.65
	2396	100.00	53940050	100.00

Shareholding pattern as on March 31, 2009

Category	Number of Shares held	% of shareholding
Indian promoters	43,99,735	81.57
Mutual funds	900	0.02
Private corporate bodies	43,420	0.80
Indian public	9,21,356	17.08
NRIs/OCBs	28,460	0.53
Clearing members	134	0.002
Total	53,94,005	100.00

Dividend history for last four years

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

Auditors' Certificate on Corporate Governance

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

We have examined the compliance of Corporate Governance by Akar Tools Limited, for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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

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

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

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

Hemant J Vora & Co.
Chartered Accountants

Place : Aurangabad.
Date : September 03, 2009

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

Auditors' Report

To,

The Members of **AKAR TOOLS LIMITED**

We have audited the attached Balance Sheet of AKAR TOOLS LIMITED as at March 31, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report. These Financial statements are the responsibility of the Companies management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

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

1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under Sub-section (4A) of section 227 of the Companies Act,1956,and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclosed in the Annexure a statement on the matter specified in paragraphs 4 and 5 and said Order.

2) Further to our comments in the Annexure referred to above, we report that;

   a) We have obtained all the information's and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

   b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section 3(c) of section 211 of the Companies Act,1956.

   e) On the basis of the written representation received from directors as on March 31, 2009 and taken on record by the Board of Directors, we report that the none of the directors is disqualified as on March 31, 2009, from being appointed as a director in terms of clause (g) of sub section (1) to Section 274 of the Companies Act 1956, and

   f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the significant accounting policies in schedule '18' and notes appearing there on, give the information required by the Companies Act,1956 in the manner so required and give true and fair view in conformity with the principles generally accepted in India.

      i) in the case of the balance sheet of the state of affairs of the Company as at March 31, 2009.

      ii) in the case of Profit & Loss Account, of the profit for the year ended on that date;

      iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Hemant J Vora & Co.
Chartered Accountants

Place : Aurangabad.
Date : September 03, 2009

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

Annexure to the Auditors' Report

i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) We are informed that the Company has formulated a program, of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regards to size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

c) During the year the Company has not disposed off major part of its fixed assets.

ii) a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year, the frequency of such verification is reasonable.

b) As per information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies notices on verification between the physical stocks and the book records were not material.

iii) a) According to the information and explanation given to us, the Company has granted and taken unsecured loans, to/from companies, firms and other parties covered in the register maintained under section 301 of the companies Act,1956.

b) The rate of interest and other terms and conditions of loans or by the Company, secured or unsecured, are prima facie not prejudicial to the interest of the Company.

c) The payment of the principal & interest amount, wherever applicable is regular.

d) The reasonable steps has been taken by the Company for recovery/payment of the principal and interest in case of overdue amount is more than one lac.

iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchases of inventory, fixed assets and for sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come cross nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.

v) a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act,1956, and exceeding the values of Rs, five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices.

vi) The Company has not accepted any deposits from public during the year as defined u/s 58A /and 58AA of the Companies Act, 1956 read with the provisions of the Companies (Acceptance of Deposit) Rule,1975.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We are informed that the maintenance of cost record has not been prescribed by the Central Government u/s 209 (1) (d) of Companies Act, 1956 in respect of this company.

ix) a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues as at March 31, 2009 for a period of more than six months from the date they become payable.

b) According to the information and explanations given to us and records of the Company, examined by us, the particulars of sales tax, excise duty and income tax dues as at March 31, 2009 which have not been deposited on account of disputes pending, are mentioned in "Schedule 18-Notes on Accounts".

x) The Company has no accumulated loss at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

xi) According to the records of the Company examined by us and the information given to us, the Company has not default in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

xii) Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provision of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to company.

xiv) The Company is not dealing/ trading in shares, securities, debentures and other investments.

xv) In our opinion and according to the information and explanation given to us, the terms & conditions of guarantee given by the Company for loans taken by others from banks and/or financial institution are not prima facie prejudicial to the interest of the Company.

xvi) In our opinion and according to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long terms investments and no long term funds have been used to finance short term assets except permanent working capital.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the registered maintained under section 301 of the Companies Act. 1956 during the year.

xix) The Company has not issued any debentures.

xx) The Company has not raised any money by public issue during the year.

xxi) During the courses of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor we have been informed such case by management.

Hemant J Vora & Co.
Chartered Accountants

Place : Aurangabad.
Date : September 03, 2009

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

Balance Sheet As at March 31, 2009

(Amount in Rupees)

	Schedule	2008-09	2007-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	53,940,050	53,940,050
Reserves & Surplus	2	120,493,583	122,789,870
		174,433,633	176,729,920
Loan Funds			
Secured Loan	3	382,832,227	337,470,618
Unsecured Loan	4	30,278,934	30,289,023
		413,111,161	367,759,641
Deferred Tax Liability	5	41,286,434	30,709,177
Total		**628,831,228**	**575,198,738**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	503,484,182	402,110,523
Less: Depreciation		136,733,837	115,312,548
Net Block		366,750,345	286,797,975
Add: Capital Work in Progress		444,303	37,252,573
		367,194,648	324,050,548
Investment	7	21,622,750	21,622,750
Current Assets, Loans & Advances			
Inventories	8	199,562,299	162,139,610
Sundry Debtors	9	165,071,514	136,395,357
Cash & Bank Balances	10	14,435,052	17,070,021
Loans & Advances	11	37,297,027	40,212,226
		416,365,892	355,817,214
Less: Current Liabilities & Provisions	12	176,352,062	126,291,774
Net Current Assets		**240,013,830**	**229,525,440**
Total		**628,831,228**	**575,198,738**
Significant Accounting Policies & Notes on Accounts	18		

As per our Report attached

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

CA. H.J. Vora	**R.L.Gupta**	**Sunil Todi**	**N.K. Gupta**	**Bipin C. Gupta**
Proprietor	*Chairman*	*Managing Director*	*Director*	*Company Secretary*
Membership No. 46326				

Place: Aurangabad
Date: September 03, 2009

Profit and Loss Account For the year ended March 31, 2009

(Amount in Rupees)

	Schedule	2008-09	2007-08
INCOME			
Sales & Other Income	13	896,892,612	788,726,326
Increase/(Decrease) in stock	14	16,829,697	10,670,990
		913,722,309	**799,397,316**
EXPENDITURE			
Raw Material Consumed	15	458,458,477	350,013,796
Interest and Bank charges	16	44,143,429	24,405,209
Other Expenses	17	275,342,127	291,730,375
Depreciation		21,421,289	14,074,639
Taxes & Duties		97,770,923	85,290,292
		897,136,245	765,514,311
Profit Before Tax		16,586,064	33,883,005
Less: Provision for Deferral Tax		10,577,258	5,369,278
Less: Provision for Taxation		1,736,067	6,052,239
Less: Fringe Benefit Tax		212,951	292,583
Add: Excess IT Provision writtenback		-	744,037
Less: F.B.T. for earlier year		45,359	-
Profit After Tax		4,014,429	22,912,942
Add: Balance of Profit from Previous Year		48,406,603	36,459,736
Profit Available For Appropriation		**52,421,032**	**59,372,678**
Appropriations			
Transfer to General Reserve		1,500,000	1,500,000
Dividend Distribution Tax		916,711	1,375,067
Proposed Dividend		5,394,005	8,091,008
Balance carried to Balance Sheet		44,610,316	48,406,603
		52,421,032	**59,372,678**
Significant Accounting Policies & Notes on Accounts	18		

As per our Report attached

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

CA. H.J. Vora	R.L.Gupta	Sunil Todi	N.K. Gupta	Bipin C. Gupta
Proprietor	*Chairman*	*Managing Director*	*Director*	*Company Secretary.*
Membership No. 46326				

Place: Aurangabad
Date: September 03, 2009

Schedules forming part of the Balance Sheet As at March 31, 2009

(Amount in Rupees)

Schedule 1 CAPITAL	2008-09	2007-08
Authorised Share Capital.	70,000,000	70,000,000
7000000 Equity share of Rs.10/- each	**70,000,000**	**7,000,000**
Issued, Subscribed & Paid up Capital.		
(5394005 Equity Share of Rs.10/- each fully paid up)	53,940,050	53,940,050
	53,940,050	**53,940,050**

Schedule 2 RESERVES & SURPLUS	2008-09	2007-08
General reserve	39,283,267	37,783,267
Add: Transfer from Profit & Loss A/c	1,500,000	1,500,000
Share Premium Account	35,100,000	35,100,000
Profit & Loss Account for the year	44,610,316	48,406,603
	120,493,583	**122,789,870**

Schedule 3 SECURED LOAN	2008-09	2007-08
A) Term Loan		
Canara Bank	149,915,969	128,690,583
(Secured by respective first specific charge on Fixed Assets & all Current Assets).		
B) Working Capital Loan		
Canara Bank	231,404,357	207,356,248
(Secured by hypothecation of Stocks & Book Debts and further secured by 1st charge on all fixed assets)		
C) Car Loan		
(Secured against respective cars)	1,511,901	1,423,787
	382,832,227	**337,470,618**

Schedule 4 UNSECURED LOAN	2008-09	2007-08
	30,278,934	30,289,023
	30,278,934	**30,289,023**

Schedule 5 DEFERRED TAX LIABILITY	2008-09	2007-08
Opening balance	30,709,177	25,339,899
Addition during the year	10,577,258	5,369,278
	41,286,434	**30,709,177**

Schedules forming part of the Balance Sheet As at March 31, 2009

Schedule 6 FIXED ASSETS

(Amount in Rupees)

Particulars	COST				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions	Deduction	As on 31.03.2009	As on 01.04.2008	Additions	Deduction	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Good Will	6,913,299	-	-	6,913,299	2,073,990	691,330	-	2,765,320	4,147,979	5,530,639
Land	20,596,122	-	-	20,596,122	-	-	-	-	20,596,122	20,596,122
Building	108,477,531	13,220,650	39,133	121,659,048	13,779,638	3,938,707	-	17,718,345	103,940,703	31,049,826
Plant & Machinery	243,146,581	106,409,712	18,732,059	330,824,234	85,013,343	14,692,734	-	99,706,077	231,118,158	116,053,930
Electrical installation	5,153,957	11,384	11,384	5,153,957	4,160,375	215,633	-	4,376,008	777,949	1,210,562
Vehicles	8,658,764	332,987	-	8,991,751	5,662,996	997,632	-	6,660,628	2,331,123	2,936,933
Office Equipments	1,793,776	111,548	83,281	1,822,043	660,372	107,603	-	767,975	1,054,068	969,410
Furniture & Fixtures	849,583	192,419	80,448	961,554	420,932	56,645	-	477,577	483,977	421,429
Computer	3,225,128	367,770	326,672	3,266,226	1,830,142	512,382	-	2,342,524	923,702	1,539,914
Containers	3,295,782	128,047	128,047	3,295,948	1,710,761	208,623	-	1,919,384	1,376,564	1,809,556
Total	**402,110,523**	**120,774,517**	**19,401,024**	**503,484,182**	**115,312,548**	**21,421,289**	**-**	**136,733,837**	**366,750,345**	**182,118,321**
Previous Year	283,356,231	118,754,288	-	402,110,523	101,237,910	14,074,639	-	115,312,548	182,118,321	

	2008-09	2007-08
Schedule 7 INVESTMENT (AT COST)		
Investment Unquoted Shares	21,622,750	21,622,750
	21,622,750	**21,622,750**
Schedule 8 INVENTORIES		
(As valued and certified by a Director)		
Packing Material	4,567,504	1,098,125
Finished Goods	60,366,322	42,446,933
Work in Progress	88,177,997	90,735,425
Scrap	868,697	2,870,340
Raw Material	29,447,326	15,722,398
Stores & Spares	16,134,453	9,266,389
	199,562,299	**162,139,610**
Schedule 9 SUNDRY DEBTORS		
(Unsecured considered good)		
Due for period exceeding six month	5,101,634	6,006,503
Due for period below six month	159,969,880	130,388,854
	165,071,514	**136,395,357**
Schedule 10 CASH & BANK BALANCE		
Cash in hand	1,021,327	1,928,993
Balance with Scheduled Banks	13,413,725	15,141,028
	14,435,052	**17,070,021**

Schedules forming part of the Balance Sheet As at March 31, 2009

(Amount in Rupees)

	2008-09	2007-08
Schedule 11 LOANS & ADVANCES		
(Unsecured considered good)		
a) Advance to staff	823,292	649,926
b) Security deposits	4,242,534	4,675,134
c) Pre-paid expenses	397,879	504,283
d) Advance to suppliers	6,543,322	14,934,393
e) Other advances	25,290,000	19,448,490
	37,297,027	**40,212,226**

	2008-09	2007-08
Schedule 12 CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	116,645,753	68,457,042
Other Creditors	47,246,425	40,320,680
Advance from Customers	4,200,150	1,785,164
	168,092,328	**110,562,886**
PROVISIONS		
Provision for F.B.T.	212,951	207,105
Provision for Income Tax	1,736,067	6,055,708
Provision for Dividend	5,394,005	8,091,008
Provision for Dividend Tax	916,711	1,375,067
	8,259,734	15,728,887
	176,352,062	**126,291,773**

Schedules forming part of the Profit and Loss Account Year ended March 31, 2009

(Amounts in Rupees)

	2008-09	2007-08
Schedule 13 SALES & OTHER INCOME		
Sales : Export (Including incentives)	293,211,415	331,981,334
Sales : Domestic	503,443,962	366,988,253
Taxes & Duties	97,770,923	85,290,292
	894,426,300	784,259,879
Other Income	2,466,312	4,466,447
	896,892,612	**788,726,326**

Schedules forming part of the Profit and Loss Account Year ended March 31, 2009

(Amount in Rupees)

	2008-09	2007-08
Schedule 14 INCREASE/(DECREASE) IN INVENTORY		
Opening Stock		
Packing Material	1,098,125	1,660,000
Finished Goods	42,446,933	39,408,318
Work in Progress	90,735,425	77,266,911
Scrap	2,870,340	8,144,605
	137,150,823	**126,479,834**
Closing Stock		
Packing Material	4,567,504	1,098,125
Finished Goods	60,366,322	42,446,933
Work in Progress	88,177,997	90,735,425
Scrap	868,697	2,870,340
	153,980,520	137,150,823
Net Increase/(Decrease) in Stock	16,829,697	10,670,990

	2008-09	2007-08
Schedule 15 RAW MATERIAL CONSUMED		
Opening Stock	15,722,398	23,187,689
Add. Purchases	472,183,405	342,548,505
	487,905,803	365,736,193
Less. Closing Stock	27,966,497	15,100,827
Less: Stock At Vendor	1,480,829	621,570
Raw material Consumed	**458,458,477**	**350,013,796**

	2008-09	2007-08
Schedule 16 INTEREST & FINANCIAL CHARGES		
Interest Expenses	39,246,281	20,397,066
Bank Charges & Commission	4,897,148	4,008,143
	44,143,429	**24,405,209**

	2008-09	2007-08
Schedule 17 OTHER EXPENSES		
Stores, Spares & Consumables	81,604,704	85,440,366
Manufacturing Expenses	26,118,179	27,680,855
Power & Fuel	46,154,529	61,174,594
Repairs & Maintenance	2,971,585	2,478,648
Manpower Expenses	51,517,138	43,258,861
Other Expenses	6,372,734	6,416,719
Miscellaneous Expenses	5,375,430	4,324,259
Selling Expenses	55,227,828	60,956,073
	275,342,127	**291,730,375**

Schedule 18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) STATEMENT OF ACCOUNTING POLICIES

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

1) Revenue Recognition

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

2) Sales

Sales are inclusive of excise duty and sales tax.

3) Fixed Assets

A) Fixed Assets are stated at their original cost of acquisition, duties, freight, and other incidental expenses of acquisition and installation of the concerned assets.

B) Depreciation on Fixed Assets of Hand Tool Division is being provided on straight line method in accordance with the rates specified in Schedule XIV of the Companies act, 1956.

C) Depreciation on Fixed Assets of Leaf Spring Division is being provided on written down value basis in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

4) Investments

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

5) Incidental Expenditure during Construction Period

All indirect expenses incurred during Project Implementation including interest cost on funds deployed for the project as well as trial run expenses are treated as Incidental Expenditure during construction and subsequently capitalised.

6) Inventories

a) Raw materials & packing materials are valued at cost or net realisable value, which ever is lower,

b) Finished goods and Work-in-Process are valued at cost or net realisable value whichever is lower and share of manufacturing expenses is included on absorption costing basis and

c) Stores & Spares are valued at cost after considering cost of obsolesces.

7) Provision for Retirement Benefits

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

The liabilities in respect of Retirement Benefits of Tools Division Unit-2 and its Leaf Spring Divisions to employees are accounted for on actual payment and no provision is being made for liabilities on actuarial valuation as required by AS-15.

8) Research & Development Revenue expenditure on R&D is charged against the profit of the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to the Fixed Assets.

9) Foreign Currency transactions on revenue account

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of such transactions where such transactions are not covered by Forward Contracts. Gains/Loses arising out of the fluctuations in the exchange rate are accounted for at the time of realisation/payment.

B) NOTES ON ACCOUNTS

1) Contingent Liabilities not provided for:

a) Guarantees issued by Banks on behalf of the Company Rs. 57.50 Lacs (Previous Year Rs. 57.50 lacs)

Schedules forming part of the Accounts Year ended 31 March, 2009

Schedule 18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

b) Income Tax liabilities in respect of Akar Tools Limited not acknowledged as debt:

Name of the Statute	Amount outstanding in Lacs (Rs.)	Assessment Year to which amount relates	Forum where dispute is pending
Income Tax	1.12	2006-2007	C.I.T (A) Mumbai
Income Tax	10.96	2005-2006	A.O, Mumbai
Income Tax	10.82	2004-2005	C.I.T & C.I.T (A) Mumbai
Income Tax	23.58	2003-2004	C.I.T, Mumbai
Income Tax	14.44	2002-2003	C.I.T, Mumbai
Income Tax	25.72	1999-2000	C.I.T, Mumbai
Income Tax	10.51	1998-1999	C.I.T, Mumbai

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

3) **Segment Reporting**

The Company is engaged in manufacture of Drop Forged Hand Tools and Leaf Spring business which, as per Accounting standard 17 (As-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India, are considered the reportable business segments of the Company.

(Amount in Rupees)

	Hand Tools		Leaf Spring		Consolidated	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue:	5731.76	5487.90	3237.17	2399.36	8968.93	7887.26
External Sale						
Total Revenue	**5731.76**	**5487.90**	**3237.17**	**2399.36**	**8968.93**	**7887.26**
Results:						
Segment Results	196.73	237.05	(30.87)	101.78	165.86	338.83
Other information:						
Segment Assets	3111.23	4348.56	3815.98	2450.12	6927.21	6798.68
Investments	188.17	188.17	28.06	28.06	216.23	216.23
Total	**3299.40**	**4536.73**	**3844.04**	**2478.18**	**7143.44**	**7014.91**
Segment Liabilities	2906.59	2617.94	2988.05	2322.58	5894.63	4940.52
Share Capital & Reserves					1744.34	1767.30
Un-allocable/ Deferred Tax Liability					412.86	307.09
Total					**8051.83**	**7014.91**

Segment assets include Net Fixed Assets, Inventories, Debtors, Loans & Advances and Cash & Bank Balances. Segment liabilities include all operating liabilities and consist of principally Loans, Creditors and accrued liabilities.

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

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

Name of the Parties	Nature of Transaction	Amount (Rs. in lacs)
R.L. Steels & Energy Ltd.	Purchase	4878.27
	Sales	699.49
Gupta Concast Ltd.	Lease Rent	0.90
	Advance	50.11

5) **Key Management Personnel / Associates**

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

6) **Quantitative information**

(Amount in Rupees)

	2008-09	2007-08
i) Licenced Capacity	N.A.	N.A.
ii) Installed Capacity (As certified by the Management)	7800 T.P.A.	7800 T.P.A.
Tools	2400 T.P.A.	2400 T.P.A.
Leaf Spring	5400 T.P.A.	5400 T.P.A.
Parabolic Leaf Spring	14400 T.P.A.	14400 T.P.A.

(Amount in Rupees)

	Quantity (M.T.)	Value Rs. (in lacs)	Quantity (M.T.)	Value Rs. (in lacs)
a) Turnover	8976.54	7455.87	7974.36	6989.69
Scrap Sales	2566.62	510.68	3734.26	628.25
b) Opening Stock of Raw Material	453.58	157.22	817.26	231.88
c) Purchase / Receipt	12491.25	4721.84	11611.69	3425.49
d) Closing Stock of Raw Material	851.81	294.47	453.58	157.22
e) Consumption	12093.02	4584.56	11929.55	3500.14
f) Opening Work-in-Progress	1359.61	907.35	1296.76	772.67
g) Closing Work-In -Progress	1181.18	881.77	1359.61	907.35
h) Opening Stock of Finished Goods	571.82	424.46	513.67	394.08
i) Closing Stock of Finished Goods	609.36	603.67	571.82	424.47
j) Production	9014.11	MT	8032.51	M.T.
k) Closing Stock of Scrap	49.63	8.68	143.52	28.70
l) Consumption of Raw Material :	**Rs. In Lacs**			**Rs. In Lacs**
Indigenous	2524.95			3485.28
Imported	14.86			14.86
	2539.81			**3500.14**

l) C.I.F. Value of Import - Raw Material		
Capital Goods	283.51	
	F.O.B. Value of Export Sales	
m) Earning in Foreign Currency -	2572.56	3005.51

Schedules forming part of the Accounts Year ended March 31, 2009

Schedule 18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

7) In the opinion of the Board of Directors the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Unsecured Loans includes Rs. 52.25 Lacs (Previous year Rs. 52.25 Lacs) from Directors & Associates.

8) Manpower expenses included Rs. 21.80 Lacs (Previous year Rs. 25.70 Lacs) paid to Directors as remuneration.

9) The creditors for goods include Rs. 14.22 Lacs (previous year Rs. 65.25 Lacs) outstanding for a period exceeding 30 days towards SSI undertakings. There are three SSI units (previous year - four) to which company owed a sum exceeding Rs. 1.00 Lacs with the Company.

10) In accordance with revised Guidance Notes issued by Institute of Chartered Accountants of India, Excise duty payable on Finished Goods lying in the stock has to be included in the expenditure as well as in the valuation of such stock. However precise bifurcation between finished goods meant for Export Market which consist major portion of business (which is excise duty free) and finished goods meant for Domestic Market is not possible. Hence the excise duty is not included in the cost and stock value. This accounting treatment has no impact on profitability of the Company

11) Confirmation from certain parties for amounts due to / from them due by / to the Company as per accounts of the Company are not yet received, necessary adjustment if any will be made when accounts are reconciled and settled.

As per our Report attached

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

CA. H.J. Vora	**R.L.Gupta**	**Sunil Todi**	**N.K. Gupta**	**Bipin C. Gupta**
Proprietor	*Chairman*	*Managing Director*	*Director*	*Company Secretary*
Membership No. 46326				

Place: Aurangabad
Date: September 03, 2009

AUDITORS' CERTIFICATE

The above Cash Flow Statement has been complied from and is based on the audited accounts of AKAR TOOLS LIMITED for the year ended March 31, 2009, reported upon by us on September 03, 2009 According to the information and explanation given to us the aforesaid Cash Flow has been prepared pursuant to Clause 32 of Listing Agreement and the reallocations required for the purpose are as made by the Company.

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

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

Place : Aurangabad
Dated : September 03, 2009

Cash Flow Statement For the year ended March 31, 2009

(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT) *(Amount in Rupees)*

	2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & extraordinary items	16,586,064	33,883,005
Adjustment for		
Depreciation	21,421,289	14,074,639
Interest Debited to Profit & Loss Account	44,143,429	24,405,209
Operating Profit before Working Capital changes	82,150,782	72,362,853
Adjustment for		
Trade Receivable	(28,676,157)	(16,274,679)
Loan & Advances	2,915,196	27,924,348
Inventories	(37,422,689)	(2,262,377)
Trade Payable	57,529,442	(3,594,039
Provision for Deferred Tax Liability	(7,469,153)	3,239,080
Add/(Less) I.Tax Provision for Earlier Years	(45,359)	744,037
Cash Generated from Operation	(13,168,720)	9,776,370
Interest Paid	44,143,429	24,405,209
Direct Taxes	1,949,018	6,344,822
Net Cash Flow from Operating Activities A	**22,889,615**	**51,389,192**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(101,373,659)	(118,754,287)
Increase/Decrease in Capital Work-In-Progress	36,808,270	(37,252,573)
Net Cash used in Investing Activities B	**(64,565,389)**	**(156,006,860)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	21,225,386	96,302,841
Proceeds from Short Term Borrowings	78,026	2,984,760
Dividend Paid :	(6,310,716)	(9,466,074)
Proceeds from Working Capital Finance	24,048,109	22,061,415
Net Cash used in financing activities C	**39,040,805**	**111,882,942**
Net increase in Cash and Cash Equivalents A+B+C	**(2,634,969)**	**7,265,274**
Opening Cash and Cash Equivalents	17,070,021	9,804,747
Closing Cash and Cash Equivalents	14,435,052	17,070,021
Closing Cash and Cash Equivalents c/f	14,435,052	17,070,021

As per our Report attached

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

CA. H.J. Vora	R.L.Gupta	Sunil Todi	N.K. Gupta	Bipin C. Gupta
Proprietor	*Chairman*	*Managing Director*	*Director*	*Company Secretary*

Membership No. 46326

Place: Aurangabad
Date: September 03, 2009

Balance Sheet Abstract and Company's General Business Profile

Balance Sheet date	March 31, 2009		

I. Registration Details

Registration No.	CIN: U29220MH1989PLC052305	State Code	11

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

Public Issue	Nil	Rights Issue	Nil
Bonus issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds

Total Assets	628,831	Total Liabilities	628,831
Source of Funds			
Paid up Capital	53,940	Reserve & Surplus	120,494
Secured Loans	382,832	Unsecured Loans	30,279
Application of Funds			
Net Fixed Assets	366,750	Investments	21,623
Net Current Assets	240,014	Misc. Expenditure	Nil

IV. Performance of Company *(Amount in Rs. thousands)*

Turnover	913,722	Total Expenditure	897,136
Profit Before Tax	16,586	Profit After Tax	4,014
Earning Per Share (basic)	0.74	Dividend Rate	10%

V. Generic Names of three principal Products / Services of the Company (as per monetary terms)

Product DescriptionDrop Forged Hand Tools/ Automobile Leaf Spring/ Automotive Forgings

As per our Report attached

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

CA. H.J. Vora	**R.L.Gupta**	**Sunil Todi**	**N.K. Gupta**	**Bipin C. Gupta**
Proprietor	*Chairman*	*Managing Director*	*Director*	*Company Secretary*
Membership No. 46326				

Place: Aurangabad
Date: September 03, 2009

Notice

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021 on Wednesday the September 30, 2009 at 10.30 a.m. to transact the following business:

As ordinary business

1. To receive, consider and adopt the audited Profit & Loss Accounts for the year ended March 31, 2009, 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 Director in place of Shri Sunil Todi, who retires by rotation and being eligible, has offered him self for re-appointment.
4. To appoint Director in place of Shri Atul M 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

Place: Aurangabad
Date: September 03, 2009

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 September 25, 2009 To September 30, 2009 (both days inclusive).

3. The dividend, if declared, will be paid to those members whose name appears on the Register of Members of the Company as on September 30, 2009 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 September 24, 2009 and the same forwarded to us by our RTA.

AKAR TOOLS LTD.
EMPOWERING YOU WITH EXCELLENCE

AKAR TOOLS LIMITED
Regd. Office: 304, Abhay Steel House,
Baroda Street, Carnac Bunder, 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 20th 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 Wednesday the September 30, 2009 at 10.30 a.m. and at any adjournment thereof.

Signed this .... day of 2009

Affix Re. 1
Revenue
Stamp

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.

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AKAR TOOLS LIMITED
Regd. Office: 304, Abhay Steel House,
Baroda Street, Carnac Bunder, 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 20th Annual General Meeting of the Company held at Y. B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021 on Wednesday the September 30, 2009 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.

Excellence is the gradual result of
always striving to do better.

– Pat Riley

Note

Board of Directors

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

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