



# Building a sustainable **ORGANISATION**

AKAR TOOLS LIMITED | ANNUAL REPORT 2012-13

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

R.L. Gupta, *Chairman*

Sunil Todi, *Managing Director*

N.K. Gupta, *Director*

Ravi Machhar, *Director*

Atul M. Desai, *Director*

C. K. R. Murugan, *Director*

P. M. Nijampurkar, *Director*

Bhagwan Das Narang, *Director*

## COMPANY SECRETARY

Rajashree V. Dubey

## AUDITORS

A K Bagadia & Co.

## COST AUDITORS

B. R. Chandak & 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.

## REGISTRAR & SHARE TRANSFER AGENTS

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

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# NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of Akar Tools Ltd will be held on Friday, 27th September, 2013 at 11.00 a.m. at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021 to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet and the Statement of Profit & Loss Accounts for the year ended 31st March, 2013 together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend for the Financial Year ended 31st March, 2013.
3. To appoint a Director in place of Shri. Raghunandanlal Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Ravi Machhar who retires by rotation and being eligible, offers himself 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.

## AS SPECIAL BUSINESS:

6. To Consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956 Shri Bhagwan Das Narang who was appointed as an Additional Director of the Company pursuant to the provisions of the Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company”

On behalf of the Board of Directors

Place: Aurangabad.  
Date: 12th August, 2013

**R. L. Gupta**  
Chairman

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ENSUING ANNUAL GENERAL MEETING IS ALSO 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 and Share Transfer Books of the Company will remain closed from 23rd September, 2013 to 27th September, 2013 (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 27th September, 2013 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 23rd September, 2013 and the same forwarded to us by our RTA.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting. Members are requested to notify their Depository Participants (DP)/ Company Registrar's viz. BIG SHARE SERVICES PVT. LTD. E-2, Ansa Indl. Estate, Sakivihar Road, Saki Naka, Andheri (e), Mumbai-400072. Immediately about changes of address if any, also write to them immediately about corrections in name, address, pin code & bank details. The members who desire any clarification on account are requested to write to the Company at an early date so as to enable the Company to keep information ready.
5. As part of the Green Initiative of the Ministry of Corporate Affairs, the members who wish to receive notice/ documents through e-mail may kindly intimate their e-mail addresses to the Company's Compliance Officer at corporate@akartoolsltd.com
6. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for a period of seven years from the date of transfer to unpaid Dividend Account of the

company is credited to the Investor Education and Protection Fund (the IEPF). Accordingly, amounts have been transferred to the Investor Education and Protection Fund from time to time. All persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first become due for payment

and no payment shall be made in respect of any such claims.

7. Persons who have not en-cashed their dividend warrants are requested to approach the Company for obtaining the duplicate warrants before the balance in the respective accounts gets transferred to the Investor Education and Protection Fund.

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

<b>Financial Year</b>	<b>Date of Declaration</b>	<b>Last date of claiming dividend</b>	<b>Amount outstanding as on March 31, 2013</b>
2005-06	10.11.2006	09.11.2013	2,842.91
2006-07	28.09.2007	27.09.2014	7,085.01
2007-08	26.09.2008	25.09.2015	4,763.50
2008-09	30.09.2009	29.09.2016	1,995.00
2009-10	24.09.2010	23.09.2017	1,01,607.20
2010-11	26.09.2011	25.09.2018	27,194.00
2011-12	29.09.2012	28.09.2019	40,552.50

8. An Explanatory Statement, as required by section 173(2) of the Companies Act, 1956 in respect of Item No 6 set out above is annexed hereto.

On Behalf of the Board of Directors

Place: Aurangabad.  
Date: 12th August, 2013

**R. L. GUPTA**  
Chairman

# ANNEXURE TO THE NOTICE

## **Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 & the Listing Agreement setting out all material facts relating to the Special Business:**

### **ITEM NO 6:**

Shri Bhagwan Das Narang was appointed by the Board of Directors as an Additional Directors of the Company on 14th February, 2013.

Shri Bhagwan Das Narang, aged 68 Years, Completed his MSC in (Agriculture & Economics) and is having 40 years of wide experience in Banking & Financial Service. He joined IBU Hong Kong as a Executive Director in 1988 and then in 1994 worked as a General Manager in Union Bank of India. He was Ex- Chairman & Managing Director of Oriental Bank of Commerce, New Delhi (upto 2005) and also Executive Director in Punjab and Sind Bank, New Delhi. He took up assignments as Alternate Chairman of the Committee on Banking Procedures set up by Indian Bank's Association. He chaired the panel in Serious Financial Frauds appointed by the Reserve Bank of India, Chairman in Financing Construction Industry appointed by Indian Bank's Association, Chairman in Governing Council of National Institute of Banking Studies & Corporate Management. He was also Deputy Chairman, Member and Advisor in various Government Bodies, Banks and Financial Institutions.

Presently, Shri Narang is the Member of Committee to

overseas the working of National Education & Investor Found, (Nominated by Ministry of Co. Affairs GOL. (2006-2009), Technical Expert (Special invitee) for Co-Option in the Audit Board for Performance Audit / Reviews in respect of Housing Finance PSUs & HUDCO, Member Expert group formed for examine the problem of distressed farmers, (Nominated by RESERVE BANK OF INDIA), (Report since submitted.) and Advisor for DSP MERRILL LYNCH, Mumbai. The appointment of Mr. Bhagwan Das Narang will play a vital role in the finance area and in the growth of the Company.

In terms of Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, Shri Bhagwan Das Narang holds office upto date of the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from member of the Company proposing Shri Bhagwan Das Narang as a candidature for the office of the Director, liable to retire by rotation.

### **Interest of Directors:**

Shri Bhagwan Das Narang may be considered to be concerned or interested or deemed to be interested in the above resolution in so far as the same relates to him. No other Director of your Company is interested in this resolution.

Your Directors recommend the resolution for your approval.

# DIRECTORS' REPORT

*Dear Shareholders,*

Your Directors hereby present their Twenty Fourth Annual Report along with Audited Statement of Accounts of the Company for the year ended March 31, 2013.

## 1. PERFORMANCE OF THE COMPANY

### I. Financial Results at a glance:

(Rs. in lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Sales & Other Income	14206.35	14295.22
Profit Before Tax	158.79	269.94
Profit After Tax	92.86	222.96
Balance Brought Forward	1047.77	871.16
Amount available for Appropriation	<b>1140.63</b>	<b>1094.12</b>
<b>APPROPRIATIONS:</b>		
Dividend	26.97	26.97
Dividend Tax	4.05	4.38
General Reserve	15.00	15.00
Balance Carried Forward	1094.61	1047.77
	<b>1140.63</b>	<b>1094.12</b>
Earnings Per Share	<b>1.74</b>	<b>4.13</b>

### II. Operations

The financial year under review began with a positive note. However, the economy started witnessing effect of inflationary trend during the second half of the year which together with tightening of the monetary policy resulted in pressure on overall performance of the Company.

Despite the pressure in International Market, the Company could achieve its Sales projections. The stress on cost of raw material and other expenses was partly offset by savings in financial cost by prudent financial management.

The Company achieved total turnover of Rs. 14206.35 lacs against Rs. 14295.22 lacs in the previous year. The net profit after tax was Rs. 92.86 lacs against Rs. 222.96 lacs in the previous year which is mainly attributable to the rise in the cost of inputs. Company now aggressively opens new market in India and abroad for its products. Further the company is leveraging its customer base by developing new components parts to enhance the sales and profitability.

### 2. DIVIDEND

Your Directors recommended a dividend of 5 % (i.e. Rs. 0.50 per share) on 53, 94,005 equity shares of Rs.10 each for 2012-13, Subject to the approval of the Shareholders at the Annual General Meeting to be held on 27th September, 2013.

### 3. AUDITORS

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

### 4. COST AUDITORS

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circulars, the Audit Committee has recommended and the Board of the Directors has appointed M/s B. R. Chandak & Co., Cost Accountants, as Cost Auditors of the Company.

### 5. SEBI REGULATIONS & LISTING FEES:

The Annual Listing Fees for the year under review have been paid to Bombay Stock Exchange Limited where your Company's Shares are listed. Company has initiated the process of delisting with Delhi Stock Exchange which is in process.

## 6. DIRECTORS

Shri Raghunandan Lal Gupta and Shri. Ravi Machhar retires by rotation and offer themselves for re- appointment, which your Directors consider it to be in the best interests of the Company and recommend their re-appointment. Appropriate resolutions seeking your approval for their re-appointment are appearing in the notice convening the 24th Annual General Meeting.

Shri Bhagwan Das Narang was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 14.02.2013. In terms of Section 260 of the Companies Act, 1956 Shri Bhagwan Das Narang holds office up to conclusion of the ensuing Annual General Meeting of the Company. Notices under Section 257 of the Companies Act, 1956 have been received from member of the Company proposing Shri Bhagwan Das Narang as a candidate for the office of Director, liable to retire by rotation, which your Directors consider it to be in the best interests of the Company and recommend his appointment. Appropriate resolution seeking your approval to his appointment is appearing in the notice convening the 24th Annual General Meeting.

During the year Ms. Rajashree V. Dubey has been appointed by the Board of Directors as a Company Secretary.

## 7. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- 1 Those in the preparation of annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures.
- 2 That the Directors have 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 the Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities and
- 4 That the Directors have prepared the annual accounts on a 'going concern' basis.

## 8. 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 form as part of the Annual Report.

## 9. 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.

## 10. PARTICULARS OF EMPLOYEES

The Particulars 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.

## 11. 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 are in Annexed as a part of this Annual Report.

## 12. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Place: Aurangabad.

**R. L. GUPTA**

Date: 12th August, 2013.

Chairman

# ANNEXURE TO THE DIRECTORS' REPORT

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

### A. POWER AND FUEL CONSUMPTION :

	2012-13	2011-12
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	9829212	9315124
Total Amount (Rs.in Lacs)	633.69	563.05
Rate/Unit Rs.	6.45	6.04
(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	2435.15	2444.760
Total Amount ( Rs. in Lacs)	951.95	974.45
Average Rate Per MT	39092	39858
4. OTHER/ INTERNAL GENERATION		
Quantity		
Total cost	N.A.	N.A.
Rent/unit		

### B. CONSUMPTION PER UNIT OF PRODUCTION:

	2012-13	2011-12
1 DROP FORGED HAND TOOLS (MT)	5430.46	5916.35
Electricity Consumption (KW)	1513.65	1334.82
Fuel Consumption (LTR)	183.72	168.61
2 LEAF SPRING (MT)	7726.01	7475.07
Electricity Consumption (KW)	208.31	189.68
Fuel Consumption (LTR)	186.05	193.61



**C. FOREIGN EXCHANGE EARNING & OUTGO:**

	2012-13	2011-12
(i) EARNINGS:		
FOB Value of Exports	3270.62	3376.85
(ii) EXPENDITURES		
CIF Value of Imports:		
Raw materials	25.62	34.49
Stores, Spares & Consumables	6.79	0.86
Capital Goods	NIL	21.52
(iii) EXPENSES IN FOREIGN CURRENCY:		
Travelling / Fare abroad	15.88	7.12
Commission & Discount	NIL	1.92
<b>TOTAL</b>	<b>48.29</b>	<b>65.91</b>

**TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

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

manufacturing and R & D Department. The Company's Research & Development efforts are focused on the following:

- a. Achieving international quality standards in the process.
- b. Constant improvements in technology thereby optimizing productivity and providing superior products at affordable price.
- c. Improvements in both design and quality of packaging materials to meet international standards.

On behalf of the Board of Directors

Place: Aurangabad.  
Date: 12th August, 2013.

**R. L. GUPTA**  
Chairman

# MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

## 1. INDUSTRY SCENARIO

The year under review was an eventful year for world economy. The Euro-Zone continued with the financial crisis in the second consecutive year. The market in U.S has started stabilizing. The Indian GDP however was much below the Government's original projections and it stood at 5.9 % as of March 2013. The automobile industry has witnessed the worst year of its recent history. However the Government has been optimistic to achieve a GDP of 6.0% for the year 2013-14. Necessary steps like reduction in rate of interest, fiscal and other measures taken by the government to accelerate the economic growth are positive steps in that direction.

The Company continues to face difficult macro economics conditions both at home and abroad in the financial year 2012-13. The domestic situation remained discouraging, marked by liquidity crunch, high inflation, leading to low business confidence and deferred capital expenditure. Accordingly, the pace of progress was slow and consumer spending stayed marked. These are the sign of economic stabilization in the US market. The Company performance was by and large in the line with the expectations. Sale of Commercial vehicles and light commercial vehicle were stagnant as compare to growth of 23% in the year 2011-12. The products segments also overcome various hurdles to sustain its performance largely through timely introduction of new offerings and leveraging Customer Centric strength.

## 2. OPPORTUNITIES AND THREATS

### Opportunities:

Having established its brand and goodwill with the OEM's, Akar see acceleration in opportunities due to continuous of

new products and entry in various market segments like New Replacement Markets and through dealers to the retail market. The Company can capitalize the opportunity with its strong and the state of art manufacturing facility. The Company will explore the potentials of new products in the present segment. This has proved beneficial during the recession period which is very good sign for the company.

### Threats:

Entry of more new players, predominantly from overseas, political changes in the regime of operations may result in demand slow down.

Increase in input prices and weakening of Indian rupees against US Dollars was another important factor adversely impacts the industry & profit margins.

## 3. OUTLOOK

The Company with its on-going re-structuring process and shifting its focus from standard products to strong presence in the nonstandard products coupled with its vast manufacturing facility and continuous efforts for acquiring/developing new technology will give a competitive edge in the automobile industry. With the above measures the Company hopes to achieve better performance in the coming years.

## 4. RISK AND CONCERNS

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

With rising inflationary pressures, increase in the price of steel

and other inputs, weak global recovery, possibility of slow growth rate of Indian Economy and uncertainties of overseas and external factors are the key concerns on the macroeconomic fronts which may have an impact on the company operations in the ensuing year.

#### **5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has undertaken a detailed exercise to revisit its control systems in technical and financial segments to align them properly with management information system (MIS) to make MIS more efficient and result oriented.

The company has established internal control system which provides reasonable assurance with regards 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:**

The Company achieved total turnover of Rs. 14206.35 lacs against Rs. 14295.22 lacs in the previous year. The net profit after tax was Rs. 92.86 lacs against Rs. 222.96 lacs in the previous year which is mainly attributable to the rise in the cost of inputs.

#### **7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES /INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company believes that success of any organization

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

#### **8. CAUTIONARY STATEMENT:**

Statements in this report, particularly those which relate to Management Discussion and Analysis, describing the Company's Objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. The Company 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 fluctuation, interest and other.

# CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, the Directors present the Company's Report on Corporate Governance.

## I. 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 facets 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.

## II. BOARD OF DIRECTORS

### a. Composition of the Board:

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 Eight Directors out of which four are Executive Directors; four are Non Executive Directors and Independent Directors.

### b. Details of Director seeking appointment/re-appointment/regularization pursuant to clause 49 of the Listing Agreement are as under:

1. Name of Director: Shri Raghunandanlal Gupta, Age: 80 years, Date of Birth: 31st March 1933, Qualification: Commerce Graduate, Date of Appointment: Since Incorporation, Expertise: possessing 56 years of wide experience in the Steel, Forgings, and Hand Tools Industry.

#### List of Directorship as on 31st March 2013:

Sr. No	Name of the Companies	Designation
1	Gupta Con-Cast Limited	Director
2	Sant Eknath Rolling Mills Private Limited	Director
3	R. L. Steels & Energy Limited.	Director
4	Shatrunji Investment Private Limited	Director
5	Akar Alloys Private Limited	Director
6	Lavanaya Finvest Private Limited	Director

2. Name of Director: Shri Ravi Machhar, Age: 61 years, Date of Birth: 26th February, 1952, Qualification: Commerce Graduate, Date of Appointment: November 11, 1994, Expertise: Possessing 35 years of wide experience in Steel, Forgings, Tubes, Chemicals, Packaging and Tools Industry.

#### List of Directorship as on 31st March 2013:

Sr. No	Name of the Companies	Designation
1	Shri Sahayog Exhibitions Private Limited	Director
2	Machhar Holdings Private Limited	Director
3	Ajinkya Exports and Capital Services Private Limited.	Director
4	Liberal Exports and Capital Services Private Limited	Director
5	Utsav Properties Private Limited	Director
6	Liable Securities and Real Estate Private Limited	Director
7	Ultra Beauty Care Private Limited	Director

3. Name of Director: Shri Bhagwan Das Narang, Age: 68 years, Date of Birth: April 12, 1945, Qualification: MSC in (Agri & Eco), Date of Appointment: 14th February, 2013, Expertise: 40 years wide experience in the Banking, & Finance Sectors.

**List of Directorship as on 31st March 2013:**

Sr. No	Name of the Companies	Designation
1	Shivam Autotech Limited	Director
2	Jubilee Hills Landmark Projects Private Limited	Director
3	Dish T V India Limited	Director
4	VA Tech Wabag Limited	Director
5	Afcons Infrastructure Limited	Director
6	Revathi Equipment Limited	Director
7	Karvy Stock Broking Limited	Director
8	Lakshmi Precision Screws Limited	Director
9	Multiples Equity Fund Trustee Private Limited	Director
10	SEMAC Consultants Private Limited	Director
11	Arvind Techno Engineers Private Limited	Director
12	Mayar Health Resorts Limited	Director
13	Karvy Financial Services Limited	Director

**c. Number of Board Meetings:**

During the financial year under review Board met 5 times at the Company's factories/ office at E-5, MIDC Area, Waluj Aurangabad on May 14, 2012, August 14, 2012, August 30, 2012, November 12, 2012 & February 14, 2013.

**d. Director's Attendance Record, Shareholding & Directorship Held:**

The information on composition and category of the Board of Directors as on 31st March 2013, attendance of each Director at Board Meeting held during the financial Year 2012-13 and the Annual General Meeting (AGM) held on 29th September, 2012, Shareholding in the company & directorships positions in other companies are as follows:

Name of the Director	Number of Shares held as on 31.03.2013	Attendance at Meetings		Number of Directorship in other Companies	
		Board	AGM	Public	Private
<b>Executive Director</b>					
1. Shri R. L.Gupta	444040	05	No	02	04
2. Shri N. K. Gupta	94850	04	Yes	02	00
3. Shri Sunil Todi	Nil	03	Yes	01	00
4. Shri P. M. Nijampurkar	Nil	03	Yes	00	00
<b>Independent cum Non- Executive Directors</b>					
5. Shri Ravi Machhar	Nil	03	No	00	07
6. Shri Atul M. Desai	Nil	03	Yes	10	01
7. Shri C. K. R. Murugan	Nil	03	No	00	01
8. Shri Bhagwan Das Narang	Nil	01	No	09	04

**III. 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 Company Secretary acts as the Secretary of

the Committee. The Head – Finance also attends the Audit Committee meetings.

**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.

During the financial year under review four meetings of the committee were held at the Company’s factories/ office at E-5, MIDC Area, Waluj Aurangabad on May 14, 2012, August 14, 2012, November 12, 2012, February 14, 2013.

Name of the member	Number of meetings held	Number of meetings attended
Shri C.K.R. Murugan	04	02
Shri Atul M. Desai	03	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 ‘Akar Code of Conduct’ for preventing Insider Trading and has authorized 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 among others. The Company place the interest of shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest.

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 2012-13 by all Board members and the designated members of the Company’s senior management.

‘Designated members of senior management’ mean personnel of the Company who are members of its core management team excluding the Board of Directors. Normally, this would

comprise all members of management one level below the Executive Directors, including all functional heads.

**Whistle Blower Policy**

There is no formal whistle blower policy implemented in the Company.

**IV. REMUNERATION COMMITTEE**

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

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

Shri N.K. Gupta is the Chairman of the Remuneration Committee.

The terms of reference specified by Board of Directors to the Remuneration Committee are as under

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

Details of remuneration paid to Shri Sunil Todi were Rs. 24.83 Lacs and to Shri P.M. Nijampurkar was Rs.13.17 Lacs.

During the financial year under review four meetings of the committee were held.

Name of the member	Number of meetings held	Number of meetings attended
Shri N. K. Gupta	04	04
Shri Sunil Todi	04	03
Shri C.K.R. Murugan	04	02
Shri P.M. Nijampurkar	04	02
Shri Atul M. Desai	04	02
Shri Ravi Machhar	04	02

**V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Shareholder Committee set up to specifically look into shareholders/investors complaints, if any, or transfer of shares, non-receipt of Annual Report and non-receipt of declared dividend, among others, and also the action taken

by the Company on all those related matters. The Committee comprises

1. Shri R.L. Gupta
2. Shri N.K.Gupta
3. Shri Sunil Todi
4. Ms Rajashree V. Dubey

During the financial year under review four meetings of the committee were held.

Name of the member	Number of meetings held	Number of meetings attended
Shri R. L. Gupta	04	04
Shri N. K. Gupta	04	03
Shri Sunil Todi	04	02
Ms Rajashree V. Dubey	04	01

Ms Rajashree V. Dubey, Company Secretary, is the Compliance Officer of the Committee.

The Compliance Officer can be contacted at:

**AKAR TOOLS LIMITED**

E - 5, MIDC Area,

Waluj, Aurangabad.(Maharashtra)

Phone : +91 240-2554686,2554687

Fax : +91 240-2554640

E-mail ID: corporate@akartoolsltd.com.

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31st March, 2013 were 12 and there were no complaints outstanding as on 31st March 2013. The Company had no share transfer requests pending as on 31st March 2013.

## VI. GENERAL BODY MEETINGS

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)
23rd	September 29, 2012. At 10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point,Mumbai- 400 021	Nil
22nd	September 26, 2011. At 10.30. am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai- 400 021	1. Appointment of Shri. Sunil Todi as Managing Director of the Company. 2. Voluntary delisting of securities form Delhi Stock Exchange as well as Ahmadabad Stock Exchange.
21st	September 24, 2010. At 10.30. am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai- 400 021	Nil

## VII. DISCLOSURES

a. Related party transactions: There were no material transactions with related parties during the year 2012-13 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) in the Annual Report.

b. There have been no instances of non-compliance by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

c. The Company does not have a formal Whistle Blower Policy. However any employee, if he so desires, would not be denied access to the Audit Committee.

d. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreements.

## VIII. MEANS OF COMMUNICATION

a. 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. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.

## IX. GENERAL SHAREHOLDERS' INFORMATION

### a) Shareholders/Investors Services

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

### b) Registrar & Share Transfer Agents

The entire work of the Company, relating to transfer of shares has been given to an outside agency i.e Big Share Services Pvt Ltd being a SEBI Registered R & T Agent. Shareholders are advised to send all the queries regarding change of their mailing address, share transfer status etc. to the Registrar & Share Transfer Agents 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

### c) Annual General Meeting

<b>Date &amp; Time</b>	27th September, 2013 at 11.00 a.m		
<b>Venue</b>	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021		
<b>Financial Year</b>	01st April, 2012 to 31st March, 2013		
<b>Date of Book Closure</b>	23rd September, 2013 to 27th September, 2013 (Both days inclusive)		
<b>Dividend Payment Date</b>	26th October, 2013		
<b>Listing Fees</b>	Paid as per the Listing Agreement		
<b>Listing on Stock Exchanges</b>	<b>Symbol</b>	<b>Name of the Stock Exchange</b>	<b>Stock Code</b>
	AKARTOOL EQ	Bombay Stock Exchange	530621
<b>Compliance Officer</b>	Ms. Rajashree V. Dubey Akar Tools Ltd E - 5, MIDC Area, Waluj, Aurangabad. Phone : +91 0240 2554686/87 Ext : 213 Fax : +91 0240-2554640 E-mail\ID: corporate@akartoolsltd.com		

### Financial Calendar

The Accounting Years covers 1st April, 2013 to 31st March, 2014.

Financial Reporting for:

- 1st Quarter ending 30th June, 2013  
End July/Early August 2013.
- 2nd Quarter/ Half Year ending 30th September, 2013  
End October/Early November 2013.
- 3rd Quarter ending 31st December, 2013  
End January/Early February, 2013.
- 4th Quarter/ Annual Accounts for 2013-14  
End April/May 2014.

Note: the above calendar is indicative in nature.

### d) Proposed Dividend

The Board has proposed a 5% dividend i.e. @ Rs. 0.50 per Equity Shares.

### e) Secretarial Audit for Capital Reconciliation

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialization form and in Physical form.

### f) Dematerialization of Share and Liquidity

As per notification issued by the SEBI, with effect from 26th June, 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both the National Securities Depositories Ltd (NSDL) and the Central Depositories Services (India) Ltd (CDSL).

As on 31st March, 2013, (97.89%) of the Company's total paid up capital representing 52,80,009 equity shares were held in dematerialized form and the balance 2.11% representing 1,13,996 equity shares were held in physical form.

The ISIN number of the Share is IN E864E01013



### g) Stock Market Data

Akar Tools Limited's Share are listed at Bombay Stock Exchange Ltd

Month	Share Price with BSE		BSE SENSEX	
	HIGH	LOW	HIGH	LOW
April	33.65	24.50	17,664.10	17,010.16
May	31.10	19.10	17,432.33	15,809.71
June	25.95	20.00	17,448.48	15,748.98
July	28.95	19.35	17,631.19	16,598.48
August	30.50	23.00	17,972.54	17,026.97
September	30.00	21.00	18,869.94	17,250.80
October	31.95	23.10	19,137.29	18,393.42
November	27.40	20.45	19,372.70	18,255.69
December	28.20	23.30	19,612.18	19,149.03
January	29.80	23.30	20,203.66	19,508.93
February	26.70	16.15	19,966.69	18,793.97
March	23.30	15.10	19,754.66	18,568.43

### h) Distribution of Shareholding as on March 31, 2013

Range	No. of Shareholders	% of total Shareholders	No. of Shares held	% of Shareholding
Up to 5000	1797	85.42	2,443,900	4.53
5001 to 10000	111	5.27	920,460	1.70
10001 to 20000	75	3.56	1,139,310	2.11
20001 to 30000	33	1.57	802,350	1.49
30001 to 40000	11	0.52	387,050	0.72
40001 to 50000	15	0.71	705,220	1.31
50001 to 100000	23	1.10	1,602,100	2.97
100001 and above	39	1.85	45,939,660	85.17
<b>Total</b>	<b>2104</b>	<b>100.00</b>	<b>53,940,050</b>	<b>100.00</b>

### i) Shareholding Pattern

The distribution of shareholding as on 31st March, 2013 was as under:

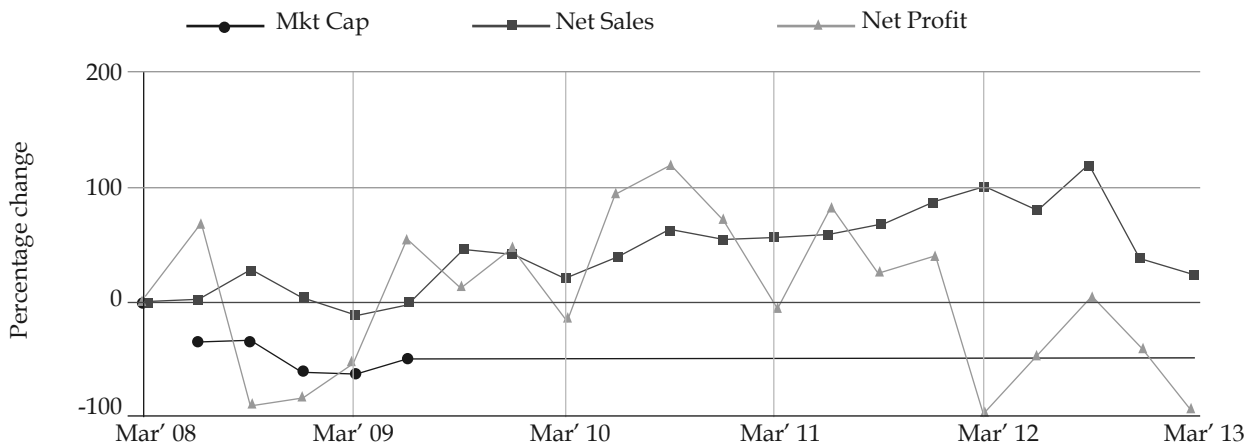
Category	Number of shares held	% of shareholding
Indian promoters	3,011,015	55.82
Mutual funds	900	0.02
Private corporate bodies	1,096,109	20.32
Indian public	1,258,618	23.34
NRI/OCBs	26,053	0.48
Clearing members	1,310	0.02
<b>Total</b>	<b>5,394,005</b>	<b>100</b>

**j) Dividend History For Last Five Years**

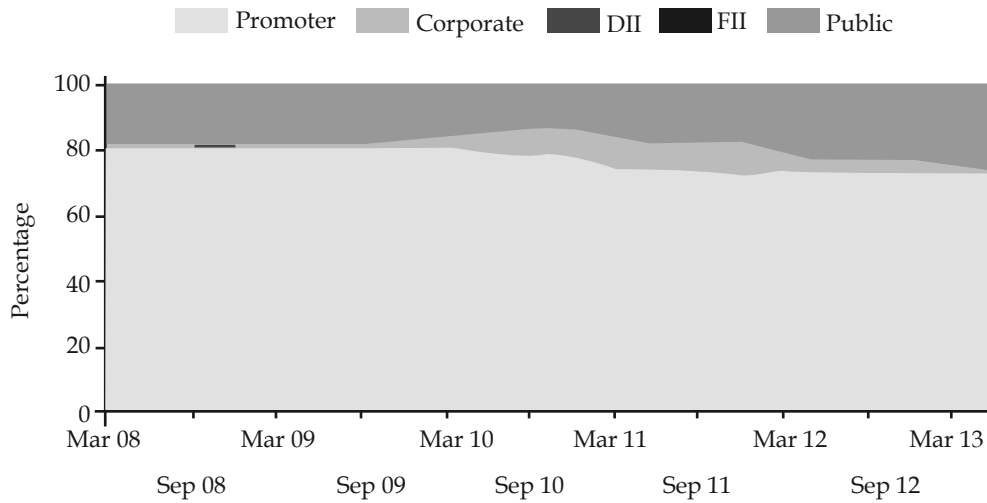
2011-12	2010-11	2009-10	2008-09	2007-08
05%	12%	12%	10%	15%

**k) Share Market Performance at a Glance**

**Performance Chart**



**Ownership Pattern**



# **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**THE MEMBERS OF AKAR TOOLS LIMITED**

We have examined the compliance of Corporate Governance by Akar Tools Limited, for the year ended 31st March, 2013 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 carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For A. K. BAGADIA & CO.  
(FRN 100846W)  
CHARTERED ACCOUNTANTS**

Place: Aurangabad.  
Dated: 29th May, 2013.

**(A K BAGADIA)  
PROPRIETOR  
MEMBERSHIP NO.30520**

# FINANCIAL SECTION

# INDEPENDENT AUDITORS' REPORT

TO,  
THE MEMBERS OF  
AKAR TOOLS LIMITED.

## Report on Financial Statement:

1 We have audited the accompanying financial statements of AKAR TOOLS LIMITED (the "Company") which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## Management's Responsibilities for the Financial Statements:

2 The Company's Management is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the auditing standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility:

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence, about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement,

whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion:

6 In our opinion and to the best of our information and according to the explanation given to us, the accompanying financial statements give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the principles generally accepted in India.

i) in the case of the balance sheet of the state of affairs of the Company as at 31st March, 2013.

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

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

## Report on Other Legal and Regulatory Requirements:

7 As required by the Companies (Auditor's Report) Order, 2003, as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004' 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.

- 8 As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the

Accounting Standards referred to in sub-section (3C) of section 211 of the Act.

- (e) On the basis of the written representation received from directors as on 31st March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub section (1) to Section 274 of the Act.

**For A K BAGADIA & CO.  
CHARTERED ACCOUNTANTS.  
(FRN 100846W)**

Place:Aurangabad  
Dated: 29th May, 2013.

**(A K BAGADIA)  
PROPRIETOR.  
MEMBERSHIP NO.30520.**

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 7 of Auditors' Report of even date to the members of **AKAR TOOLS LIMITED** on the financial statements of the company for the year ended 31st March, 2013.)

- i. (a) The company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) During the year, the company has not disposed any substantial part of its fixed assets.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) The company is maintaining proper records of inventory, no material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) In our opinion, the rate of interest wherever applicable, and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company, wherever payable.
- (d) There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken an unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 46.35 Lacs and the year-end balance of such loan was Nil.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in

internal control system of the company.

- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and

we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, except Rs. 15.13 Lacs which is outstanding on account of Dividend Distribution Tax.  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, in cases of disputed demands in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty and cess, the amounts involved and the forum where disputes are pending are mentioned in notes of accounts.
- x. In our opinion, the company has no accumulated losses. Further, the company has not incurred cash losses



during the financial year covered by our audit and the immediately preceding financial year.

- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on

short-term basis have been used for long-term investment.

- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the company had not issued any debentures during the period covered by our audit report.
- xx. The Company had not raised any money by way of public issue during the year.
- xxi. During the course 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 explanation given to us, we have neither come across any instance of material fraud on or by the Company noticed or reported during the year nor have been informed of any such case by the management.

**For A K BAGADIA & CO.**  
**CHARTERED ACCOUNTANTS.**  
**(FRN 100846W)**  
**(A K BAGADIA)**  
**PROPRIETOR.**  
**MEMBERSHIP NO.30520.**

Place: Aurangabad  
Dated: 29th May, 2013.

# BALANCE SHEET

as at 31st March, 2013

(Amount in Rs.)

Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	53,940,050	53,940,050
(b) Reserves and surplus	4	191,344,676	185,160,567
		245,284,726	239,100,617
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	54,999,039	87,979,174
(b) Deferred tax liabilities (net)	6	48,614,980	45,780,837
		103,614,019	133,760,011
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	337,639,208	375,567,381
(b) Trade payables	8	386,146,082	343,184,687
(c) Other current liabilities	9	5,598,120	9,181,645
(d) Short-term provisions	10	10,689,519	9,537,246
		740,072,930	737,470,959
<b>TOTAL</b>		<b>1,088,971,675</b>	<b>1,110,331,587</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	352,255,257	361,374,095
(ii) Capital work-in-progress		91,893	91,893
	(a)	352,347,150	361,465,988
(b) Non-current investments	12	11,616,750	11,616,750
	(b)	11,616,750	11,616,750
	(a+b)	363,963,900	373,082,738
<b>2 Current assets</b>			
(a) Inventories	13	397,182,593	309,410,094
(b) Trade receivables	14	227,343,883	304,611,651
(c) Cash and cash equivalents	15	8,330,592	18,617,857
(d) Short-term loans and advances	16	92,150,707	104,609,247
		725,007,775	737,248,849
<b>TOTAL</b>		<b>1,088,971,675</b>	<b>1,110,331,587</b>
Corporate Information and Significant Accounting Policies	1 & 2		
See accompanying notes forming part of the financial statements	17		

In terms of our report attached.  
For **A K Bagadia & Co.(FRN 100846W)**  
Chartered Accountants

**A K BAGADIA (M NO-30520)**  
PROPRIETOR.

Place: Aurangabad  
Date: 29th May, 2013

For and on behalf of the Board of Directors

**R L Gupta**  
Chairman

**N K Gupta**  
Director

**Sunil Todi**  
Managing Director

**Rajashree V. Dubey**  
Company Secretary

Place: Aurangabad  
Date: 29th May, 2013

# PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2013

(Amount in Rs.)

Particulars	Note No.	Year ended 31 March, 2013	Year ended 31 March, 2012
<b>1 Revenue from operations (gross)</b>	18	1,554,378,387	1,544,540,089
Less: Excise duty		-134,683,233	-116,092,995
Revenue from operations (net)		1,419,695,154	1,428,447,094
<b>2 Other income</b>	19	939,753	1,074,502
<b>3 Total revenue (1+2)</b>		<b>1,420,634,907</b>	<b>1,429,521,596</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	20	883,675,687	811,982,823
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	-82,320,180	5,824,979
(c) Employee benefits expense	22	92,754,306	86,755,020
(d) Finance costs	23	53,758,525	62,207,408
(e) Depreciation and amortisation expense	11	23,642,343	22,861,049
(f) Other expenses	24	433,245,580	412,895,932
<b>Total expenses</b>		<b>1,404,756,262</b>	<b>1,402,527,211</b>
<b>5 Profit / (Loss) before tax (3 - 4)</b>		<b>15,878,645</b>	<b>26,994,385</b>
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		3,830,253	6,190,813
(b) (Less): MAT credit (where applicable)		-71,413	-787,925
(c) Net current tax expense		3,758,841	5,402,888
(d) Deferred tax assets		2,834,143	-704,525
<b>Total (c+d)</b>		<b>6,592,984</b>	<b>4,698,363</b>
<b>7 Profit / (Loss) for the year (5 - 6)</b>		<b>9,285,661</b>	<b>22,296,022</b>
<b>8 Earnings per share (of Rs. 10/- each):</b>			
(a) Basic		1.72	4.13
(b) Diluted		1.72	4.13
Corporate Information and Significant Accounting Policies	1 & 2		
See accompanying notes forming part of the financial statements	17		

In terms of our report attached.  
For **A K Bagadia & Co.(FRN 100846W)**  
Chartered Accountants

**A K BAGADIA (M NO-30520)**  
PROPRIETOR.

Place: Aurangabad  
Date: 29th May, 2013

For and on behalf of the Board of Directors

**R L Gupta**  
Chairman

**N K Gupta**  
Director

**Sunil Todi**  
Managing Director

**Rajashree V. Dubey**  
Company Secretary

Place: Aurangabad  
Date: 29th May, 2013

# CASH FLOW STATEMENT

for the year ended 31st March, 2013

(Amount in Rs.)

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
<b>A. CASH FLOW FROM OPERATIVE ACTIVITIES</b>		
Net Profit before Tax and extraordinary items	15,878,645	26,994,385
Adjustment for:		
Depreciation	23,642,343	22,861,049
Interest debited to Profit & Loss Account	53,758,525	62,207,408
<b>Operating Profit before Working Capital Changes</b>	<b>93,279,513</b>	<b>112,062,842</b>
Adjustment for:		
Trade Receivables	77,267,768	-106,141,307
Loans & Advances	12,447,422	-8,111,781
Inventories	-87,772,498	-12,655,793
Trade Payables	39,377,870	75,372,894
Provision for Tax Liability	1,163,391	-13,006,797
<b>Cash Generated from Operations</b>	<b>42,483,953</b>	<b>-64,542,784</b>
Interest paid	53,758,525	62,207,408
Direct Taxes	3,758,841	5,402,884
<b>Net Cash Flow from Operating Activities (A)</b>	<b>78,246,101</b>	<b>-20,090,234</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-14,523,505	-29,351,380
Purchase of Investments	-	6,000
<b>Net Cash used in Investing Activities (B)</b>	<b>-14,523,505</b>	<b>-29,345,380</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	-32,503,616	-30,030,535
Proceeds from short term borrowings	1,979,491	5,092,391
Dividend paid	-3,101,553	-3,134,523
Proceeds from working capital finance	-40,384,183	79,797,682
<b>Net Cash used in financing activities (C)</b>	<b>-74,009,860</b>	<b>51,725,015</b>
<b>Net Increase in Cash and Cash Equivalent (A+B+C)</b>	<b>-10,287,265</b>	<b>2,289,401</b>
Opening Cash equivalents at the end of the previous year	18,617,856	16,328,455
<b>Cash and cash equivalents at the end of the year *</b>	<b>8,330,592</b>	<b>18,617,856</b>
<b>* Comprises:</b>		
(a) Cash on hand	1,027,095	2,010,502
(b) Balances with banks	-	-
(i) In current accounts	7,303,498	16,607,354
(ii) In deposit account having maturity of more than 12 months	-	-
	8,330,592	18,617,856

## Notes:

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

In terms of our report attached.  
**For A K Bagadia & Co.(FRN 100846W)**  
Chartered Accountants

**A K BAGADIA (M NO-30520)**  
PROPRIETOR.

Place: Aurangabad  
Date: 29th May, 2013

For and on behalf of the Board of Directors

**R L Gupta**  
Chairman

**N K Gupta**  
Director

Place: Aurangabad  
Date: 29th May, 2013

**Sunil Todi**  
Managing Director

**Rajashree V. Dubey**  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1. Corporate information

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

### Note 2. Significant accounting policies

#### 2.1 Basis of accounting and preparation of financial statements

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

#### 2.2 Use of estimates

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

#### 2.3 Inventories

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

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

Cash comprises cash on hand and demand deposits with banks.

#### 2.5 Cash flow statement

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

#### 2.6 Depreciation and amortisation

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

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

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

#### 2.7 Revenue recognition

##### Sale of goods

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

#### 2.8 Other income

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

#### 2.9 Tangible fixed assets

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

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

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

**Capital work-in-progress:**

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

**2.10 Intangible assets**

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

**2.11 Foreign currency transactions and translations**

**Initial recognition**

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

**Measurement of foreign currency monetary items at the Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

**Treatment of exchange differences**

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a "Foreign currency translation reserve" until disposal / recovery of the net investment. The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

**Accounting of forward contracts**

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are

amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

#### **2.12 Government grants, subsidies and export incentives**

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

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

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value. Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

#### **2.13 Investments**

Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

#### **2.14 Employee benefits**

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

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

#### **2.15 Borrowing costs**

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

#### **2.16 Segment reporting**

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

#### **2.17 Leases**

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

#### **2.18 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share

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

**2.19 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

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

**2.20 Research and development expenses**

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

**2.21 Joint venture operations**

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

**2.22 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.23 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (including retirement benefits) are not discounted to their present value and are determined based on the actual settlement of the obligation at the Balance Sheet date. Contingent liabilities are disclosed in the Notes.

### 2.24 Hedge accounting

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

### 2.25 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations. Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

### 2.26 Share issues expenses

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

### 2.27 Insurance claims

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

### 2.28 Service tax input credit

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

Contingent Liabilities not provided for: -

- (a) Guarantees issued by Banks on behalf of the Company and outstanding as at 31/03/2013 is of Rs.104.94 Lacs (Previous Year 106.19 Lacs).
- (b) Liabilities not acknowledge as debt and outstanding as at 31/03/2013 are for Income Tax Rs. 69.87 lacs (Previous year Rs. 37.58 Lacs) and for Sales Tax Rs.19.64 Lacs ( Previous year 19.64 Lacs)
- (c) Foreign Bills and Inland Bills discounted and outstanding as at 31/03/2013 is Rs. nil (Previous Year Rs.nil).

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 3. SHARE CAPITAL

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
<b>(a) Authorised</b>				
Equity shares of Rs.10 each with voting rights	10000000	100,000,000	10000000	100,000,000
	10000000	100,000,000	10000000	100,000,000
<b>(b) Issued</b>				
Equity shares of Rs.10 each with voting rights	5394005	53,940,050	5394005	53,940,050
	5394005	53,940,050	5394005	53,940,050
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs.10 each with voting rights	5394005	53,940,050	5394005	53,940,050
	5394005	53,940,050	5394005	53,940,050
<b>Total</b>	<b>5394005</b>	<b>53,940,050</b>	<b>5394005</b>	<b>53,940,050</b>

### NOTE 3.A SHARE CAPITAL (CONTD.)

Equity shares with voting rights				
Year ended 31 March, 2013				
- Number of shares	5394005	5394005	5394005	5,394,005
Amount in Rs.	53,940,050	53,940,050	53,940,050	53,940,050
Year ended 31 March, 2012				
- Number of shares	5394005	5394005	5394005	5394005
Amount in Rs.	53,940,050	53,940,050	53,940,050	53,940,050

### NOTE 3.B SHARE CAPITAL (CONTD.)

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
R L Gupta	444040	8.23	1599595	29.66
R L Gupta (HUF)	619125	11.48	619125	11.48
Usha Gupta	1117700	20.72	562145	10.42
Akar Alloys Pvt Ltd	429398	7.96	429398	7.96
Kamlesh Gupta	600000	11.12	NIL	NIL

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 4. RESERVES AND SURPLUS

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
<b>(a) Securities premium account</b>		
Opening balance	35,100,000	35,100,000
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for:	-	-
<b>Closing balance</b>	<b>35,100,000</b>	<b>35,100,000</b>
<b>(b) General reserve</b>		
Opening balance	45,283,267	43,783,267
Add: Transferred from surplus in Statement of Profit and Loss	1,500,000	1,500,000
Less: Utilised / transferred during the year for:	-	-
<b>Closing balance</b>	<b>46,783,267</b>	<b>45,283,267</b>
<b>(c) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	104,777,300	87,115,801
Add: Profit / (Loss) for the year	9,285,661	22,296,022
Dividends proposed to be distributed to equity shareholders (Rs.10/- per share)	2,697,003	2,697,002
Tax on dividend	404,550	437,520
<b>Transferred to:</b>		
<b>General reserve</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Closing balance</b>	<b>109,461,409</b>	<b>104,777,300</b>
<b>Total</b>	<b>191,344,676</b>	<b>185,160,567</b>

### NOTE 5. LONG-TERM BORROWINGS

<b>(a) Term loan*</b>		
From banks and others		
Secured	29,999,039	62,502,655
<b>(b) Loans and advances from related parties</b>		
Secured	-	476,519
<b>(c) Other loans and advances (specify nature)</b>		
Unsecured	25,000,000	25,000,000
<b>Total</b>	<b>54,999,039</b>	<b>87,979,174</b>

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

### NOTE 6. DISCLOSURES UNDER ACCOUNTING STANDARDS

<b>Deferred tax (liability)/ asset</b>		
Tax effect of items constituting deferred tax liability	48,614,980	45,780,837
<b>Net deferred tax (liability)/asset</b>	<b>48,614,980</b>	<b>45,780,837</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 7. SHORT-TERM BORROWINGS

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans repayable on demand		
From banks		
Secured	323,683,198	364,067,381
(b) Deposits		
Unsecured	13,956,010	11,500,000
<b>Total</b>	<b>337,639,208</b>	<b>375,567,381</b>

**Notes:**

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

Particulars	Nature of security		
<b>Loans repayable on demand</b>			
from banks:	Secured against hypothecation of stock in trade, stores & sundry debtors and also secured by 2nd charge on block of assests ranking pari-pasu.	323,683,198	364,067,381
CANARA BANK			
<b>Total</b>		<b>323,683,198</b>	<b>364,067,381</b>

### NOTE 8. TRADE PAYABLES

Trade payables:		
Acceptances	42,672,032	47,913,518
Other than Acceptances	343,474,050	295,271,169
<b>Total</b>	<b>386,146,082</b>	<b>343,184,687</b>

### NOTE 9. OTHER CURRENT LIABILITIES

Advances from customers	5,598,120	9,181,645
<b>Total</b>	<b>5,598,120</b>	<b>9,181,645</b>

### NOTE 10. SHORT-TERM PROVISIONS

Provision - Others:		
(i) Provision for tax (net of advance tax Rs.86351/-) (As at 31 March, 2012 Rs.75233/-)	6,075,378	5,327,655
(ii) Provision for proposed equity dividend	2,697,003	2,697,002
(iii) Provision for tax on proposed dividends	1,917,139	1,512,589
<b>Total</b>	<b>10,689,519</b>	<b>9,537,246</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE11. FIXED ASSETS-TANGIBLE ASSET

(Amount in Rs.)

Tangible assets	Gross block		Accumulated depreciation and impairment			Net block		
	Balance as at 1 April, 2012	Additions/ Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
<b>(a) Land</b>								
Freehold	15,565,487	-	15,565,487	-	-	-	15,565,487	15,565,487
Leasehold	5,030,635	-	5,030,635	-	-	-	5,030,635	5,030,635
<b>(b) Buildings</b>								
Own use	125,861,182	1,057,346	126,918,527	31,480,905	4,191,774	35,672,679	91,245,848	94,380,277
<b>(c) Plant and Equipment</b>								
Owned	388,689,891	12,567,444	401,257,334	148,400,691	18,181,642	166,582,333	234,675,001	240,289,199
<b>(d) Furniture and Fixtures</b>								
Owned	1,409,763	169,768	1,579,531	720,538	92,171	812,709	766,823	689,225
<b>(e) Vehicles</b>								
Owned	9,441,157	-	9,441,157	8,665,625	98,966	8,764,591	676,566	775,532
<b>(f) Office equipment</b>								
Owned	-	-	-	-	-	-	-	-
Owned	8,393,801	426,280	8,820,081	6,371,777	328,987	6,700,764	2,119,317	2,022,024
<b>(g) Others</b> (specify nature), e.g. Computer, container, etc.								
Owned	9,122,420	302,668	9,425,088	6,500,705	748,806	7,249,510	2,175,578	2,621,715
<b>Total</b>	<b>563,514,336</b>	<b>14,523,505</b>	<b>578,037,841</b>	<b>202,140,241</b>	<b>23,642,343</b>	<b>225,782,586</b>	<b>352,255,257</b>	<b>361,374,095</b>
Previous year	534,254,850	29,259,486	563,514,336	179,279,191	22,861,049	202,140,240	361,374,096	354,975,659
Capital Work in Progress Plant and Equipment	91,893	-	91,893	-	-	-	91,893	91,893

### NOTE 11. FIXED ASSETS-DEPRECIATION

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>Depreciation and amortisation relating to continuing operations:</b>		
Depreciation and amortisation for the year on tangible assets	23,642,343	22,861,049
Depreciation and amortisation relating to continuing operations	23,642,343	22,861,049

### NOTE 12. NON-CURRENT INVESTMENTS

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Unquoted	Total	Unquoted	Total
<b>Investments (At cost):</b>				
<b>Trade Investment</b>				
1079540 (As at 31 March, 2012: 1079540) shares of 10 each fully paid up in R L STEELS & ENERGY LTD	10,686,750	10,686,750	10,686,750	10,686,750
9300 (As at 31 March, 2012: 9300) shares of 100 each fully paid up in GUPTA CONCAST LTD	930,000	930,000	930,000	930,000
<b>Total</b>	<b>11,616,750</b>	<b>11,616,750</b>	<b>11,616,750</b>	<b>11,616,750</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 13. INVENTORIES(AT LOWER OF COST AND NET REALISABLE VALUE)

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Raw materials	71,854,749	66,203,441
(b) Work-in-progress	206,283,079	142,755,503
(c) Finished goods (other than those acquired for trading)	88,904,682	70,120,979
(d) Stock-in-trade Scrap & Packing Material	3,762,575	3,753,677
(e) Stores and spares	26,377,507	26,576,495
<b>Total</b>	<b>397,182,593</b>	<b>309,410,094</b>

### NOTE 14. TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	24,456,507	16,691,322
	<b>24,456,507</b>	<b>16,691,322</b>
Other Trade receivables		
Unsecured, considered good	202,887,375	287,920,328
	<b>202,887,375</b>	<b>287,920,328</b>
<b>Total</b>	<b>227,343,883</b>	<b>304,611,651</b>

### NOTE 15. CASH AND CASH EQUIVALENTS

(a) Cash on hand	1,027,095	2,010,502
(b) Balances with banks		
In current and margin accounts	7,303,498	16,607,355
<b>Total</b>	<b>8,330,592</b>	<b>18,617,857</b>

### NOTE 16. SHORT-TERM LOANS AND ADVANCES

(a) Security deposits		
Unsecured, considered good	4,047,336	5,466,023
(b) Loans and advances to employees		
Unsecured, considered good	793,843	916,965
(c) Prepaid expenses - Unsecured, considered good	345,359	431,946
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	18,738,449	17,158,345
(ii) VAT credit receivable	15,600,352	21,120,336
(iii) Service Tax credit receivable	2,316,570	1,304,942
	36,655,371	39,583,623
(e) Others- Advance to Suppliers & Other Advances		
Unsecured, considered good	50,308,798	58,210,690
<b>Total</b>	<b>92,150,707</b>	<b>104,609,247</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 17. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 17.1 Contingent liabilities and commitments (to the extent not provided for) (Amount in Rs.)

Contingent liabilities		As at 31 March, 2013	As at 31 March, 2012
<b>(a) Claims against the Company not acknowledged as debt</b>			
Income Tax-A.Y. 2010-2011	A.Y. 2010-2011	206,871	0
Income Tax-A.Y. 2009-2010	A.Y. 2009-2010	NIL	0
Income Tax-A.Y. 2008-2009	A.Y. 2008-2009	NA	0
Income Tax-A.Y. 2007-2008	A.Y. 2007-2008	180,792	0
Income Tax-A.Y. 2006-2007	A.Y. 2006-2007	2,841,997	0
Income Tax-A.Y. 2004-2005	A.Y. 2004-2005	416,295	416,295
Income Tax-A.Y. 2003-2004	A.Y. 2003-2004	1,365,451	1,365,451
Income Tax-A.Y. 2002-2003	A.Y. 2002-2003	326,377	326,377
Income Tax-A.Y. 2001-2002	A.Y. 2001-2002	1,071,661	1,071,661
Income Tax-A.Y. 2000-2001	A.Y. 2000-2001	533,572	533,572
Income Tax-A.Y. 1999-2000	A.Y. 1999-2000	44,149	44,149
Sales Tax	A.Y. 2003-2004	1,964,039	1,964,039
<b>(b) Guarantees @ (give details)</b>		<b>10,494,000</b>	<b>10,619,000</b>

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

Principal amount remaining unpaid to any supplier as at the end of the accounting year	12,387,843	13,803,581
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#### 17.3 Value of imports calculated on CIF basis:

<b>Raw materials</b>	<b>2,561,612</b>	<b>3,449,278</b>
Components	-	-
Stores & Spares	288,479	86,299
<b>Total Components and spare parts</b>	<b>288,479</b>	<b>86,299</b>
<b>Capital goods</b>	<b>0.00</b>	<b>2,152,232</b>

#### 17.4 Expenditure in foreign currency:

Principal amount Foreign Travelling	1,588,159	7,111,717
Commission	-	192,403
Other matters	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 17.5 Details of consumption of imported and indigenous items

	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount in Rs.	%	Amount in Rs.	%
<b>Imported</b>				
Raw materials	2,561,612	0.30%	3,449,278	0.45%
Components	-	-	-	-
Stores & Spares	288,479	0.31%	86,299	0.11%
<b>Total</b>	<b>2,850,091</b>		<b>3,535,577</b>	
<b>Indigenous</b>				
Raw materials	845,573,650	99.70%	768,439,383	99.55%
Components	-	-	-	-
Stores & Spares	91,417,514	99.69%	79,312,310	99.89%
<b>Total</b>	<b>936,991,164</b>		<b>847,751,693</b>	

### 17.6 Earnings in foreign exchange:

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Export of goods calculated on FOB basis	327,062,460	337,685,469

### Note 17.7 Disclosures under Accounting Standards (contd.)

(Amount in Rs.)

#### Segment information

	For the year ended 31 March, 2013			For the year ended 31 March, 2012		
	Business segments		Total	Business segments		Total
	Hand Tools	Leaf Spring	Eliminations	Hand Tools	Leaf Spring	Eliminations
Revenue	980,161,422	575,224,502	1,555,385,923	1,021,695,693	523,918,896	1,545,614,590
External Sales	-	-	-	-	-	-
<b>Total Revenue</b>	<b>980,161,422</b>	<b>575,224,502</b>	<b>1,555,385,923</b>	<b>1,021,695,693</b>	<b>523,918,896</b>	<b>1,545,614,590</b>
Results	-	-	-	-	-	-
<b>Segment Results</b>	<b>76,811,407</b>	<b>-60,932,764</b>	<b>15,878,643</b>	<b>87,288,439</b>	<b>-60,294,055</b>	<b>26,994,384</b>
other Information	-	-	-	-	-	-
Segment Assets	1,100,652,315	-23,211,041	1,077,441,274	974,470,721	215,643,865	1,190,114,586
Investments	11,616,750	-	11,616,750	11,616,750	-	11,616,750
<b>Total</b>	<b>1,112,269,065</b>	<b>-23,211,041</b>	<b>1,089,058,024</b>	<b>986,087,471</b>	<b>215,643,865</b>	<b>1,201,731,336</b>
Segment Liabilities	589,634,565	205,523,754	795,158,319	555,853,988	383,445,895	939,299,883
Share Capital & Reserve	498,719,934	-253,435,212	245,284,722	430,095,184	-190,994,568	239,100,616
Un-allocable D. Tax Liability	23,914,562	24,700,418	48,614,980	22,588,299	23,192,538	45,780,837
<b>Total</b>	<b>1,112,269,065</b>	<b>-23,211,041</b>	<b>1,089,058,024</b>	<b>1,008,537,471</b>	<b>215,643,865</b>	<b>1,224,181,336</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 17.8 Disclosures under Accounting Standards (contd.)

(Amount in Rs.)

Related party transactions		As at 31 March, 2013	As at 31 March, 2012
Details of related parties:	Type of Transaction		
R.L. Steels & Energy Ltd	Sales of Goods	271,272,992	109,976,522
R.L. Steels & Energy Ltd	Purchases of Goods	729,301,460	794,771,040
Aurangabad Forgings Pvt. Ltd.	Rents	300,000	300,000
Gupta Concast Ltd.	Lease Rent	600,000	600,000
Akar Industries Pvt. Ltd.	Purchases of Goods	689,72,383	-
Nitin Gupta	Rents	180,000	360,000
R. L. Gupta	Loans & Advances	350,000	-
Mrs. Usha Devi Gupta	Salary	900,000	-
Mrs. Usha Devi Gupta	Advance	264,573	-
Mrs. Shushila Devi Gupta	Advance	4,635,000	-
Sant Eknath Rolling Mill Pvt. Ltd.	Loans & Advances	-	200,000
Shatrunji Investments Pvt. Ltd.	Loans & Advances	120,000	2,247,605
Shatrunji Investments Pvt. Ltd.	Rents	78,000	78,000

### NOTE 17.9 DISCLOSURES UNDER ACCOUNTING STANDARDS (CONTD.)

<b>Earnings per share</b>		
Basic		
Continuing operations		
Net profit / (loss) for the year from continuing operations	9,285,661	22,296,022
Less: Preference dividend and tax thereon	-	
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	9,285,661	22,296,022
Weighted average number of equity shares	5,394,005	5,394,005
Par value per share	10.00	10.00
<b>Earnings per share from continuing operations - Basic</b>	<b>1.72</b>	<b>4.13</b>
Continuing operations		
Net profit / (loss) for the year from continuing operations	9,285,661	22,296,022
Less: Preference dividend and tax thereon		-
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	9,285,661	22,296,022
Add: Interest expense and exchange fluctuation on convertible bonds (net)		
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)		
Weighted average number of equity shares for Basic EPS		
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive		
Weighted average number of equity shares - for diluted EPS	5,394,005	5,394,005
Par value per share	10	10
Earnings per share, from continuing operations - Diluted	1.72	4.13

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 17.10 Previous year's figures

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

### NOTE 18. REVENUE FROM OPERATIONS

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Sale of products- Export Sales	336,863,032	344,091,093
Sale of products- Domestic Sales	1,096,654,455	1,059,529,815
(b) Other operating revenues	120,860,900	140,919,180
	1,554,378,387	1,544,540,089
Less:		
(c) Excise duty	-134,683,233	-116,092,995
<b>Total</b>	<b>1,419,695,154</b>	<b>1,428,447,094</b>

### NOTE 19. OTHER INCOME

(a) Interest income	939,753	1,074,502
<b>Total</b>	<b>939,753</b>	<b>1,074,502</b>

### NOTE 20. COST OF MATERIALS CONSUMED

<b>Opening stock</b>	<b>66,203,441</b>	<b>48,567,835</b>
Add: Purchases	889,326,995	829,618,430
	955,530,436	878,186,265
Less: Closing stock	71,854,749	66,203,441
<b>Cost of material consumed</b>	<b>883,675,687</b>	<b>811,982,823</b>
<b>Material consumed comprises:</b>		
Raw material	848,135,262	771,888,661
Job work Expenses	35,540,425	40,094,162
<b>Total</b>	<b>883,675,687</b>	<b>811,982,823</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
<b>Inventories at the end of the year:</b>		
Finished goods	88,904,681	70,120,978
Work-in-progress	206,283,079	142,755,503
Stock-in-trade	3,762,575	3,753,677
	<b>298,950,336</b>	<b>216,630,157</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	70,120,977	56,257,117
Work-in-progress	142,755,502	163,083,681
Stock-in-trade	3,753,677	3,114,338
	<b>216,630,156</b>	<b>222,455,136</b>
<b>Net (increase) / decrease</b>	<b>-82,320,180</b>	<b>5,824,979</b>

### NOTE 22. EMPLOYEE BENEFITS EXPENSE

Salaries and wages	83,523,627	78,258,834
Contributions to provident and other funds	6,430,002	5,775,781
Staff welfare expenses	2,800,677	2,720,405
<b>Total</b>	<b>92,754,306</b>	<b>86,755,020</b>

### NOTE 23. FINANCE COSTS

<b>(a) Interest expense on:</b>		
Borrowings	45,466,445	51,771,555
<b>(b) Other borrowing costs</b>	<b>8,292,080</b>	<b>10,435,853</b>
<b>Total</b>	<b>53,758,525</b>	<b>62,207,408</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 24. OTHER EXPENSES

(Amount in Rs.)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Consumption of stores and spare parts	91,705,993	79,398,609
Consumption of packing materials	37,392,304	38,923,372
Power and fuel	166,870,863	153,750,130
Water	824,635	824,908
Repairs and maintenance - Buildings	316,094	512,221
Repairs and maintenance - Machinery	5,077,492	4,288,308
Repairs and maintenance - Others	587,708	1,532,906
Insurance	1,551,924	1,668,002
Rates and taxes	64,574,558	66,857,383
Communication	1,026,962	1,121,496
Travelling and conveyance	7,067,414	5,112,282
Printing and stationery	1,000,955	1,330,014
Freight and forwarding	34,832,628	35,160,776
Sales discount	10,518,269	10,122,136
Business promotion	2,342,093	2,749,775
Donations and contributions	372,200	67,200
Legal and professional	3,736,761	5,331,827
Payments to auditors	50,000	50,000
Miscellaneous expenses	3,396,728	4,094,587
<b>Total</b>	<b>433,245,580</b>	<b>412,895,932</b>

### NOTE 25. OTHER EXPENSES (CONTD.)

Payments to the auditors comprises		
As auditors - statutory audit	40,000	40,000
For taxation matters	10,000	10,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

In terms of our report attached.  
**For A K Bagadia & Co.(FRN 100846W)**  
 Chartered Accountants

**A K BAGADIA (M NO-30520)**  
 PROPRIETOR.

Place: Aurangabad  
 Date: 29th May, 2013

For and on behalf of the Board of Directors

**R L Gupta**  
 Chairman

**N K Gupta**  
 Director

Place: Aurangabad  
 Date: 29th May, 2013

**Sunil Todi**  
 Managing Director

**Rajashree V. Dubey**  
 Company Secretary

# AKAR TOOLS LIMITED

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

## PROXY FORM

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.....

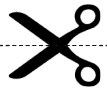
As my /our proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021 on Friday the 27th September, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this.....day of.....2013

Affix Re. 1  
Revenue  
Stamp & sign  
across the  
same

### Notes:

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



# AKAR TOOLS LIMITED

Regd. Office: 304, Abhay Steel House, Baroda Street, 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 24th Annual General Meeting of the Company held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai - 400021 on Monday the 27th September, 2013 at 11.00 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.



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## **AKAR TOOLS LIMITED**

Registered office  
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Baroda Street, Carnac Bunder,  
Mumbai - 400009