When the global automotive and construction tools market weakened, Akar Tools strengthened its competencies.

Through capacity expansion. Inorganic growth. Stronger processes. Enhanced efficiencies. Niche approach. And training.

The principal message that we want to convey to our stakeholders is simple.

That when the market revives, Akar Tools is poised for growth.

Corporate Identity

About the Company

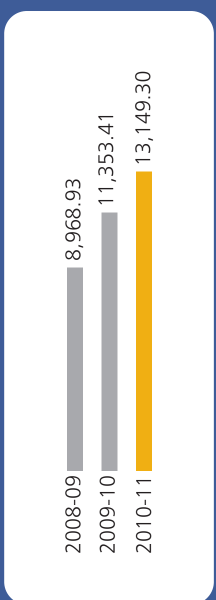
- Akar Tools Limited is an associate company of the Rs. 620 cr Aarel Group headquartered in Aurangabad (Maharashtra), India.
- The Company manufactures and markets quality precision engineered hand tools, auto leaf springs, parabolic springs and commercial automotive forgings across 10 states in India and 30 countries.
- It has four manufacturing units in Aurangabad (two in Waluj, one in Chitegaon and one in Chikalthana)

Certifications

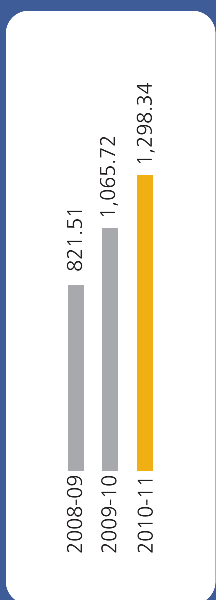
- ISO/TS 16949:2009 for quality standards
- GS certification from TUV (Rheinland) Safety Gmbh, Germany, awarded for its spanners
- Compliance with ANSI and DIN quality standards

Key performance indicators

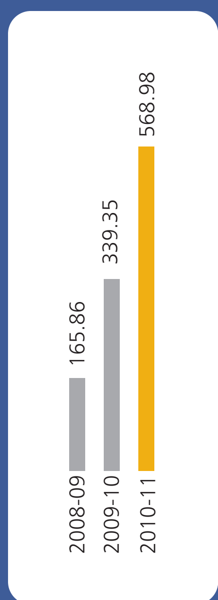
Revenues
(Rs. lacs)



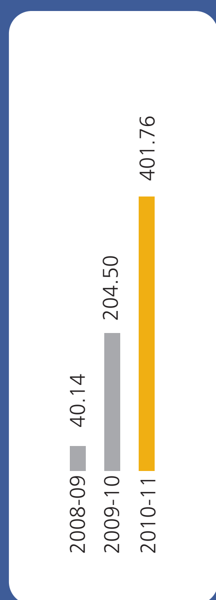
EBIDTA
(Rs. lacs)



Profit before tax
(Rs. lacs)



Post-tax profit
(Rs. lacs)



Clientele

Retail companies

- Shreenath Agencies
- Tool Tech
- Tyebally Dawoodjee
- Jameel Traders
- Metro GB

Original equipment manufacturers

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

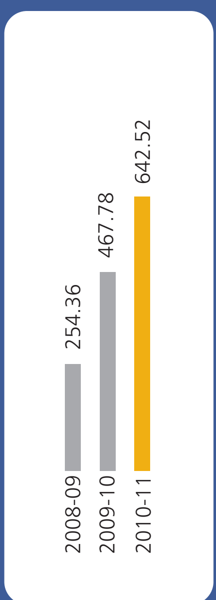
Public transport departments

- MSRTC
- KSRTC
- TNSRTC

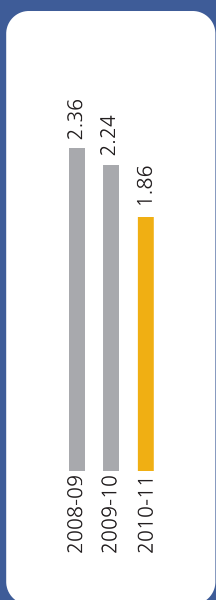
Production facilities

Location	Products	Capacity	Capacity utilisation	Expansion plans
Waluj (Aurangabad)	Hand tools for export	2,400 TPA	150%	–
Waluj (Aurangabad)	Hand tools and automotive commercial forgings	2,400 TPA	104%	Machine shop for commercial forging
Chitegaon (Aurangabad)	Parabolic springs	14,400 TPA	32%	–
Chikalthana (Aurangabad)	Leaf springs	5,400 TPA	71%	–

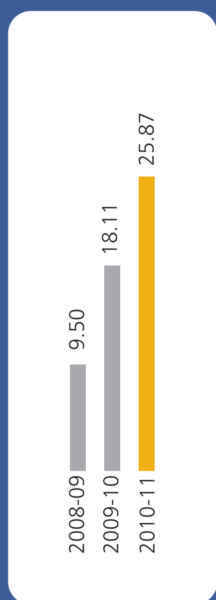
Cash profit
(Rs. lacs)



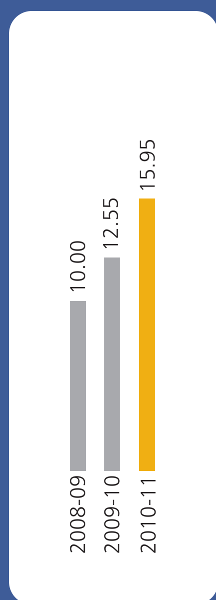
Debt-equity ratio



Return on net worth
(%)



Return on capital employed
(%)



We are engaged in expansion, new capacity creation and acquisition to accelerate our growth

Chairman Mr. R. L. Gupta discusses the Company's performance and prospects

Q: How would you review the performance of the Company in 2010-11?

A: The year 2010-11 was satisfying as our business segments registered growth despite a challenging economic scenario and a sharp rise in average raw material prices. Your Company's revenues grew 15.82% to Rs. 13,149.29 lacs in 2010-11 with an EBITDA of Rs. 1,298.34 lacs and profit after tax of Rs. 401.76 lacs. More importantly, we reduced our leverage and strengthened our balance sheet in a challenging year.

Q: What were the primary reasons for this growth?

A: During the year, all the Company's businesses – hand tools, automotive forgings and springs – reported a higher capacity utilisation. Our production increased from 12,009.77 tonnes in 2009-10 to 14,488.53 tonnes in 2010-11, boosted by a 53% growth in our forgings business. The average capacity utilisation across all our units was 59% compared with 55% in 2009-10. The Company also focused on supplies to original equipment manufacturers (OEMs) and large retailers, attracting higher volumes on the one hand and superior margins through the sale of value-added products on the other.

Q: Do you expect this momentum to sustain?

A: We expect it to accelerate for some good reasons. The Company recorded a compounded growth of 23% in its revenues in the last five years. But this just appears to be the beginning as the Company is poised for organic and inorganic growth.

Expansion: In line with our business plan, we initiated capacity expansion at our commercial forging and machining shop.

New plants: We plan to set up manufacturing units in Pune and commission new lines for machining and assembling parts for various automakers. This will enable the Company to widen its product and customer base.

Acquisition: We intend to acquire a US forging unit to tap local demand and acquire clientele and technology of the target. The Company also plans to acquire a company in West India for its forging business.

International presence: We commissioned a US office during the year under review to enhance our understanding of that geography, leading to customer acquisition and other opportunities.

Q: What is the net impact of these initiatives?

A: We plan to raise funds to a maximum of Rs. 1,650 lacs through a rights issue to meet our automobile forging expansion plans and additional working capital needs. Since the Company has a debt-equity ratio of less than 1.0 there is adequate room to source external funds. Following capacity expansion and acquisition, we expect a topline growth of 40-50% in two years.

Q: How does the Company expect to enhance shareholder value?

A: The Company expects to enhance shareholder value through a number of initiatives: The captive and cost-efficient sourcing of alloy steel from its group company. The Company had an order book of Rs. 2,731 lacs as on 31st August 2011 which will sustain production for two-and-half months. It intends to commercialise capacity expansion and acquisition programmes on schedule coupled with high capacity utilisation. It aims to reduce overheads by reducing its leverage. The cumulative result will be a projected topline of Rs. 15,000 lacs in 2011-12 accompanied by higher margins.

our strengths

Niche
The Company is a prominent global brand engaged in the manufacture of a wide range of precision-engineered hand tools, automotive forgings and springs.

Technology
The Company is equipped with modern machining technology like CNC machines, polishing machines, automated vibrators and other sophisticated machines that contribute to high precision quality standards.

Quality
The Company follows stringent quality control initiatives to manufacture world-class products. Its products are ISO 9001:2000 and DIN-certified. It is also accredited with GS certifications from TUV (Rheinland) Safety Gmbh and ANSI.

Scale
The Company has a cumulative capacity of 24,600 MTPA, resulting in attractive economies of scale. It embarked on expansion plans in the machining shop even though installed capacity will not increase, the profitability of the Company will enhance.

Portfolio
The Company's four business verticals manufacture a variety of products catering to multiple customer requirements.

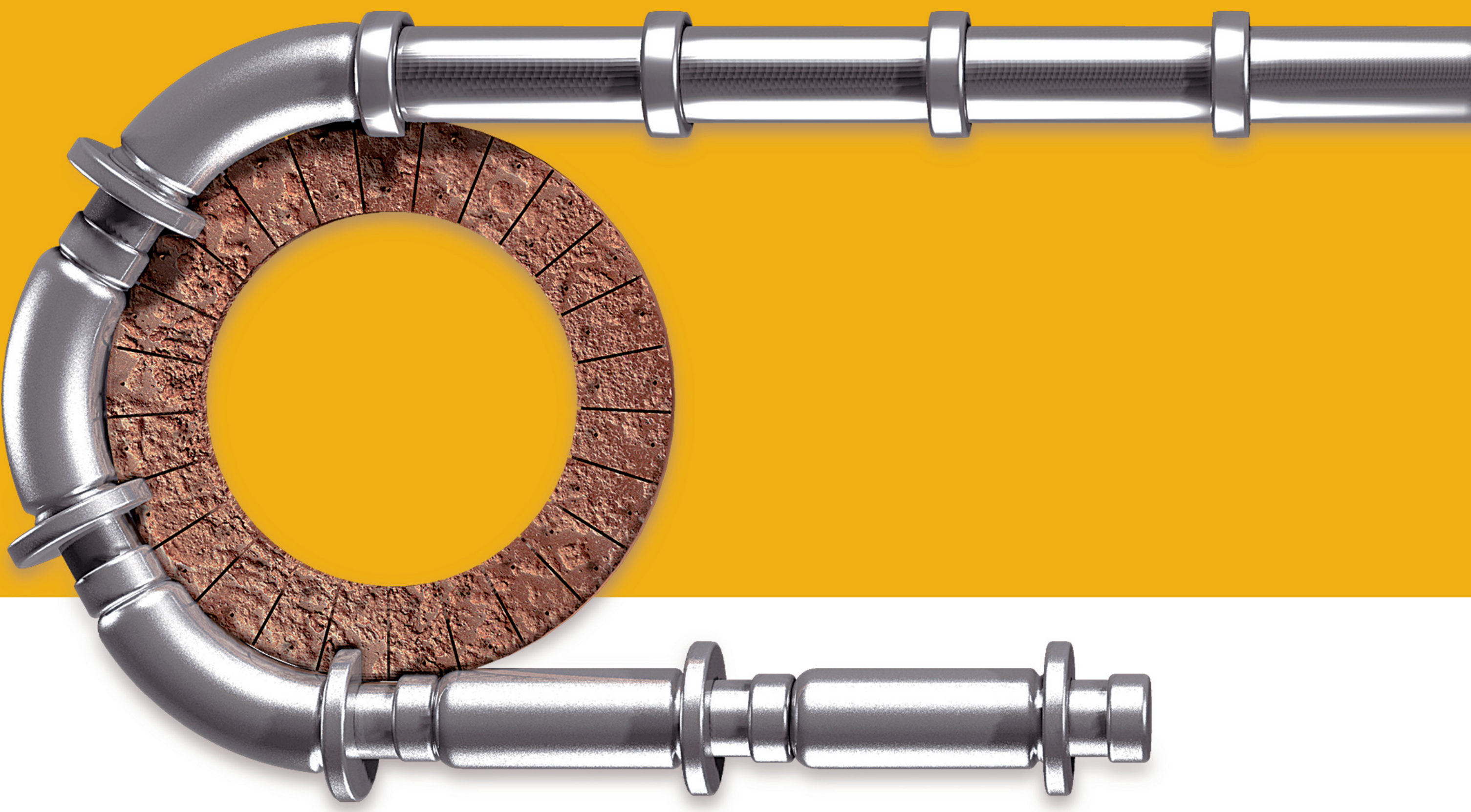
Integration
Manufactures alloy steel and downstream products.

Customers
Customers include reputed OEMs like Bajaj Auto, Tata Motors, Force Motors and Escorts, among others

Relationships
Longstanding client relationships ensure revenue predictability. Akar has clients in Australia, Egypt, Europe, India, Japan and North America.

Presence
Present across 30 countries, Akar has plants in Maharashtra (generates 38% of India's automobile output), home to automotive brands like Bajaj Auto Ltd, Daimler Chrysler, Fiat, Skoda Auto, John Deere, Tata Motors, Kinetic Engineering and Cummins.

Global auto majors target Rs. 80,000 cr investments in India in four years. An increased opportunity for Akar Tools.



- Akar Tools embarked on a capacity expansion plan from 24,600 MTPA to 30,000 MTPA by 2015 for an investment of Rs. 2,000 lacs
- The Company intends to acquire forging units to enhance capacity and competence; its investment in modern technology will enhance product acceptance among major OEMs
- The Company extended its product offering from hand tools to value-added specialised products (parabolic springs, automotive forgings and leaf springs), attracting higher margins
- The Company integrated backwards to source quality raw material, stabilise high quality and reduce production costs.
- The Company provided training to enhance work skills leading to a higher average plant utilisation of 59%

Hand Tools

Revenue, 2010-11	Proportion of Company's revenues, 2010-11	Revenue growth	Product portfolio	Presence
Rs. 4,070 lacs	31%	12%	Spanners Wrenches Striking tools Pliers Screw drivers	The USA Japan Australia Europe

Overview

The Company commenced hand tool manufacture in 1989, responding to the growing international market. The division manufactures general do-it-yourself (DIY) tools that are non-powered and designed for general maintenance works, house repair, woodworking, building construction, gardening and mechanics.

Highlights, 2010-11

- Revenues increased from Rs. 3,630.32 lacs in 2009-10 to Rs. 4,070.42 lacs.
- Exports increased from Rs. 2,953.95 lacs in 2009-10 to Rs. 3,222.24 lacs in 2010-11, accounting for 9% of the unit's revenues.
- Capacity utilisation increased 64% in 2009-10 to 70%.

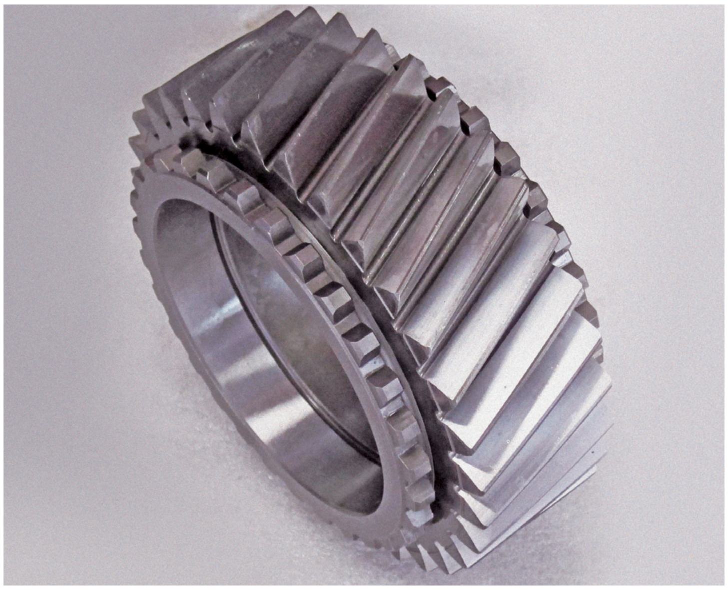
Strengths

- **Production capacity:** India's largest hand tools manufacturer catering to the US market.
- **Product portfolio:** The unit manufactures more than 20 product categories that find applications in various household, repairing and construction works.
- **Strong relationships:** The unit enjoys longstanding relationships with large US retail brands. Almost 70% of the clientele is more than five years old.

Road ahead

- Enhance production capacity and achieve 100% capacity utilisation.
- Achieve revenues of Rs. 4,500 lacs in 2011-12.
- Increase product portfolio to widen customer base.

Hand tools (domestic) and automotive forgings



Revenue, 2010-11	Proportion of Company's revenues, 2010-11	Revenue growth	Product portfolio	Presence
Rs. 4,865 lacs	37%	20%	Steel vices; Screw drivers; Automotive forgings	Pan-India

Overview

The unit (installed capacity 2,400 MTPA) commenced operations in December 2008. The unit manufactures tools that find applications in various household and industrial applications.

The division diversified into the manufacture of automotive commercial forgings widely used by original equipment manufacturers (OEMs) viewing the growing automotive market in India and the entry of major MNC OEMs in the Indian market. The division manufactures a range of products (sizes ranging from less than an ounce to more than 27 kgs) finding applications in machines, vehicles and equipment.

Highlights, 2010-11

- Revenues increased from Rs. 3,365.04 lacs in 2009-10 to Rs. 4,864.70 lacs
- Enhanced capacity utilisation from 134% in 2009-10 to 150%
- Sales to OEMs increased 80% during the year
- Proportion of value-added products increased from 70% in 2009-10 to 85%

Strengths

- **Pan-India presence:** The unit distributes products across the country through a network of over 200 dealers.
- **Product range:** The unit offers a product range that finds applications in household, industrial and automotive sectors.
- **Product acceptance:** The unit's stringent quality standards resulted in product registration with major OEMs like Bajaj Auto, M&M, Tata Motors, Escorts, and Kirloskar, among others.

Road ahead

- Target to achieve revenues of Rs. 6,000 lacs in 2011-12.
- Receive more product approvals from OEMs in India.
- Customise products to address specified customer requirements.

Parabolic springs

Revenue, 2010-11	Proportion of Company's revenues, 2010-11	Revenue growth	Product portfolio	Presence
Rs. 2,451 lacs	19%	9.77%	Parabolic springs; Laminated leaf springs	Domestic and international

Overview

The unit commenced operations in 2009 (installed capacity 14,400 MTPA) to cater to global replacement markets. The unit manufactures light parabolic springs used in automobiles with a superior shock absorbing capability and smooth running.

Highlights, 2010-11

- Revenues increased from Rs. 2,233.20 lacs in 2009-10 to Rs. 2,451.40 lacs.
- Exports decreased from Rs. 1,325.43 lacs in 2009-10 to Rs. 999.09 lacs.
- Products exported to Turkey, Iran and the Middle East.

Strengths

- **Production capacity:** The unit possesses a large manufacturing capacity to meet growing global demand.
- **Low production cost:** The unit's backward integration with a captive Group alloy steel plant enables it to source superior raw materials at a lower logistics cost.
- **Exports:** The unit derives over 60% of its revenues from exports. Thus, the growing domestic demand for automobiles will enhance revenues.

Road ahead

- Revenue target of Rs. 2,500 lacs in 2011-12 through capacity utilisation levels of 35%.
- Enhance presence in India to tap the growing demand for automobile springs.

Leaf springs

Revenue, 2010-11	Proportion of Company's revenues, 2010-11	Revenue growth	Product portfolio	Presence
Rs. 1,763 lacs	13%	-17%	- Laminated leaf springs	Domestic

Overview

The unit commenced operations in 1986 and now has an installed capacity of 5,400 MTPA, manufacturing leaf springs catering to the requirements of the government road transportation segment. These light springs are used as vehicle shock absorbers by public transportation companies.

Highlights, 2010-11

- Revenues decreased from Rs. 2,124.84 lacs in 2009-10 to Rs. 1,762.78 lacs.
- Capacity utilisation decreased from 74% in 2009-10 to 70%.

Strengths

- **Low cost:** The unit's scale, technology and low overheads enhanced competitiveness.
- **Customer focus:** The unit caters to major Indian state transportation departments.

Road ahead

The unit targets revenues of Rs. 2,000 lacs in 2011-12 through 75% capacity utilisation.

Industry review

Forgings industry

India's forgings production grew 35% from 1.8 million tonnes in 2009-10 to 2.3 million tonnes in 2010-11 with exports estimated at USD 800 million. In India, almost 70% of the forgings are used in the automotive sector, 15% in the oil & gas sector, 6% each in aerospace and energy and 3% in capital equipment applications. In recent years, the industry strengthened its competitiveness through expansion, cost rationalisation, modernisation and automotive demand growth *(Source: Association of Indian Forging Industry)*.

Outlook

In 2011-12, the industry expects production to touch three million tonnes, exports rising 20%. Despite a rise in the cost of steel and furnace oil, forging production is expected to reach four million tonnes by 2015 following automotive demand growth. The industry is expected to report better margins owing to rising demand from Indian original equipment manufacturers (OEMs) and growing exports *(Source: Association of Indian Forging Industry).*

Hand tool industry

Hand tools comprise spades, shovels, mattocks, hand saws, files, rasps, pliers, pipe cutters, spanners, wrenches, vices, clamps, anvils, tools for turning, milling, grinding and sharp-edged tools, among others. The offtake of hand tools depends on price, supply chain, product quality, design and service. Hand tools are used in households (DIY) and among professionals (carpenters, plumbers, craftsmen and toolmakers, among others). The global hand tool and accessories market is expected to grow to USD 19.4 bn by 2015. The export of hand tools in India is expected to increase from Rs. 850 cr to Rs. 3,000 cr in four years *(Source: Indian Express)*.

Auto components industry

India's auto components industry has grown 20% year-on-year since 2000. The auto component in India is fragmented across over 400 organised players catering to around 80% of the industry demand. The industry turnover grew 32% to an estimated Rs. 136,800 crores in 2010-11 (exports worth Rs. 22,800 crores and imports of Rs. 45,600 crores in 2010-11). The principal items exported by the country comprised motorcycle parts, leaf springs, replacement parts, tractor parts, clutch facings, piston rings, gaskets, engine valves, fuel pump nozzles, fuel injection parts, filter and filter elements, radiators, gears, brake assemblies and bearings, head lamps, auto and halogen bulbs, spark plugs and body parts. Investments in the auto component sector increased from Rs. 42,300 crore in 2009-10 to an estimated Rs. 46,970 crore in 2010-11 *(Source: ACMA).*

The primary growth drivers of the industry comprise:

- **Low-cost labour:** The combination of low-cost labour and quality standards attracted auto component buyers.
- **Rising demand:** The automobile industry in India reported a compounded growth of 13% in five years to 17.92 million units in 2010-11 including original equipment manufacturers.
- **Policy initiatives:** De-regulation and initiatives like a reduction in excise duties and realisation of value-added tax, among others, were implemented. Foreign direct investment (FDI) up to 100% was allowed through the automatic route for automobiles and component manufacturers *(Source: IBEF).*

Union Budget 2011-12 initiatives

The Union Budget was encouraging for auto component manufacturers covering the following initiatives:

- The custom duty rates on auto components and export duty on small cars, two-wheelers and three-wheelers remained unchanged.
- The export duty on all iron ore types was unified to 20% with full exemption on iron ore pellets.
- Full exemption was provided for basic custom duty on stainless steel scrap.
- Basic custom duty on ferro-nickel reduced from 5% to 2.5%.
- Full exemption on basic customs duty and 4% excise duty on batteries imported by manufacturers for the replacement market was provided.

Outlook

The Indian automotive component industry possesses the potential to generate employment and promote entrepreneurship. Apart from low labour costs, the country's expertise in process engineering, applied to the re-designing of production processes, reduced component manufacturing costs. India emerged as an outsourcing hub for global automobile manufacturers. The Indian auto component industry is expected to witness a 15-20% growth till 2015 and grow to USD 110 bn by 2020. Industry exports are expected to grow 20-25% in 2011-12. Several Indian auto component manufacturers are looking forward to capacity expansion through substantial investment, joint ventures in India and abroad, acquisition of foreign companies, greenfield projects, Research & Development (R&D) and design capabilities (*Source: IBEF*).

Automobile industry

India's automobile industry grew 27.4% from 14.06 million units in 2009-10 to 17.92 million units in 2010-11 with a turnover of USD 73 billion, accounting for 6% of the country's GDP.

Exports

The country's automobile exports grew 30% from 1.80 million units in 2009-10 to 2.34 million units in 2010-11 with a value of USD 11 billion.

Optimism

The thrust on road building will catalyse the industry's growth coupled with low vehicle penetration, climbing GDP growth and growing competition, widening the market.

Low vehicle penetration: Despite a compounded annual growth of 9% in the five years leading to 2009-10, India's automobile sector is way behind developed nations with passenger vehicle penetration abysmally low at about 15 per 1,000 people as against 300 in Europe, 600 in the US and 30 in China.

Investments accelerating volumes: The Indian automobile industry expects to invest up to Rs. 800,000 million in fresh capacity in four years; car manufacturing capacity is set to rise to 57 lac units by 2015, according to Ernst & Young, as the industry sustains a 10-15% CAGR. India expects to add one million car manufacturing capacity in 2011-12.

Favourable policy

- 100% Foreign Direct Investment (FDI) is permissible under the automatic route
- The import of technology/ technological upgradation on the royalty payment of 5% without any duration limit and a payment of USD 2 million is also allowed under the automatic route in this sector.
- The automobile industry is de-licensed and the import of components is freely allowed.

Outlook

The Automotive Mission Plan (AMP) 2006-2016 plans to double the automotive sector's contribution to GDP with a projected turnover of USD 145 billion and 25 million additional employment. According to SIAM, the long-term scenario is positive due to rising vehicle penetration, growing incomes and easy finance availability. The auto industry is expected to witness a growth of 12-15% in 2011-12.

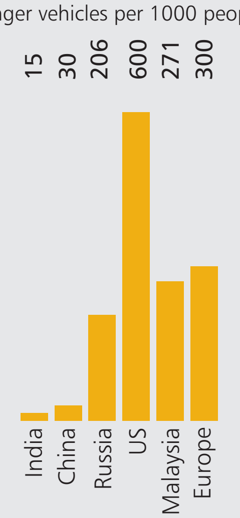
Automobile production in India

Category	2009-10	2010-11	% growth
Passenger vehicles	2,357,411	2,987,296	26.72
Commercial vehicles	567,556	752,735	32.63
Three-wheelers	619,194	799,553	29.13
Two-wheelers	10,512,903	13,376,451	27.24
Grand total	14,057,064	17,916,035	27.45

(Source: SIAM)

Low passenger vehicle penetration

(Passenger vehicles per 1000 people)



Analysis of the financial statements

The Company performed well in 2010-11: While gross sales increased 15.81%, net profit registered a 96.45% increase, representing a robust foundation for prospective growth.

Segment-wise revenues

	2010-11		2009-10	
	Amount (Rs. lacs)	Percent of total cost	Amount (Rs. lacs)	Percent of total cost
Hand tools (export)	4,070	30.95	3,630	31.97
Hand tools (domestic) and automotive commercial forgings	4,865	37.03	3,365	29.63
Parabolic springs	2,451	18.61	2,233	19.67
Leaf springs	1,763	13.41	2,125	18.73
Total	**13,149**	**100.00**	**11,353**	**100.00**

Highlights, 2010-11

Absolutes

- Gross sales increased 15.81% from Rs. 11,353.41 lacs in 2009-10 to Rs. 13,149.29 lacs
- EBIDTA grew 21.83% from Rs. 1,065.70 lacs in 2009-10 to Rs. 1,298.33 lacs
- PBT grew 67.66% from Rs. 339.35 lacs in 2009-10 to Rs. 568.97 lacs
- PAT grew 96.45% from Rs. 204.50 lacs in 2009-10 to Rs. 401.76 lacs

Derivatives

- EBIDTA margin grew 49 bps from 9.38% in 2009-10 to 9.87%
- PAT margin grew 125 bps from 1.80% in 2009-10 to 3.05%
- ROCE grew 288 bps from 16.35% in 2009-10 to 19.23%

Revenue analysis

The sales growth was attributable to the following reasons:

- Enhanced sales volume from 12,009.77 MT in 2009-10 to 14,488.53 MT in 2010-11
- Stronger capacity utilisation in the parabolic spring, hand tool and automotive commercial forging units
- Domestic sales grew 27% to Rs. 8,487.29 lacs in 2010-11 against Rs. 6,675.83 lacs in 2009-10
- Other income increased 32% from Rs. 27.53 lacs in 2009-10 to Rs. 36.43 lacs in 2010-11.

Cost management

Increased production enhanced absolute expenses from Rs. 11,251.54 lacs in 2009-10 to Rs. 13,027.58 lacs in 2010-11. Operating cost (excluding depreciation and interest charges) as a percentage of gross sales stood at 93.52%.

Material costs: The material cost increase in quantum terms was due to an increase in capacity utilisation. Material consumption, as a percentage of gross sales, declined from 53% in 2009-10 to 52% in 2010-11.

Other expenses: This increased 17.06% from Rs. 3,686.11 lacs in 2009-10 to Rs. 4,315.06 lacs in 2010-11, driven by increased manufacturing (44%) manpower (12.45%), power and fuel (18.77%) and selling expenses (13.11%).

Interest and bank charges: This increased 5.5% from Rs. 463.07 lacs in 2009-10 to Rs. 488.61 lacs in 2010-11, owing to an increase in bank charges and commission (41.47%).

Depreciation: This declined 8.55% from

Application of funds

	2010-11		2009-10	
	Amount (Rs. lacs)	Percent of total	Amount (Rs. lacs)	Percent of total
Net block	3,549	53.50	3,539	55.35
Net current assets	3,085	46.50	2,855	44.65
TOTAL	6,634	100.00	6,394	100.00

Rs. 263.28 lacs in 2009-10 to Rs. 240.75 lacs in 2010-11, as no depreciation against goodwill, which was written off in the previous year.

Taxes and duties: This increased 38.71% from Rs. 875.60 lacs in 2009-10 to Rs. 1,214.59 lacs in 2010-11, owing to increased production.

Capital employed

The capital employed in business increased 3.53% from Rs. 6,510.37 lacs as on 31st March, 2010 to Rs. 6, 751.11 lacs as on 31st March, 2011, largely led by an increase in reserves and surplus. Enhanced capacity utilisation and operational efficiencies strengthened ROCE from 16.35% in 2009-10 to 19.23% in 2010-11. Every rupee invested in the Company's business generated Rs. 1.74 in revenue in 2009-10 and Rs. 1.94 in 2010-11.

Net worth

Shareholders' funds (net worth) increased 17.42% from Rs. 1,873.11 lacs as on 31st March, 2010 to Rs. 2,199.39 lacs as on 31st March, 2011 due to the plough back of operational surplus.

Equity capital: The Company's equity capital comprised 5,394,005 equity shares, fully paid-up, of Rs. 10 each. The promoters held 75% of the Company as on 31st March, 2011.

Reserve and surplus: Reserves and surplus increased 24.45% from Rs. 1,333.71 lacs as on 31st March, 2010 to Rs. 1,659.99 lacs as on 31st March, 2011 – primarily through a Rs. 327 lacs plough back of operational surplus in 2010-11. Free reserves comprised 100% of the reserves balance, creating a robust foundation for growth. Book value per share stood at Rs. 40.77 as on 31st March, 2010 against Rs. 34.72 as on 31st March, 2010.

Loan funds

Loan funds declined 2.78% at Rs. 4,086.87 lacs in 2010-11 through judicious deployment of operational earnings in repayment of secured debt. The debt-equity ratio strengthened from 2.24 as on 31st March, 2011 to 1.85 as on 31st March, 2011 while interest cover strengthened from 2.31 to 2.65 in 2010-11.

Net block

The net block increased marginally from Rs. 3,538.71 lacs as on 31st March, 2010 to Rs. 3,549.76 lacs as on 31st March, 2011. Depreciation was provided on the straight line basis in accordance with Schedule XIV of the Companies Act, 1956. Accumulated depreciation stood at Rs. 1,861.92 lacs in 2010-11 compared with Rs. 1,626.37 lacs in the previous year.

Working capital

The Company's net current assets (working capital) increased 8% from Rs. 2,855.20 lacs as on 31st March, 2010 to Rs. 3,085.13 lacs as on 31st March, 2011, owing to increased sales and internal use of funds. Working capital limit was up to Rs. 2,850 lacs, against which utilisation was 99.72%.

Inventory: The Company valued its inventory at cost or market value, whichever was lower. The inventory turnover declined from 5.36 in 2009-10 to 5.22 in 2010-11; inventory holding increased from 67 days of turnover equivalent in 2009-10 to 69 days in 2010-11.

Debtors: Debtors declined 0.23% from Rs. 2,089.04 lacs in 2009-10 to Rs. 2,084.70 lacs in 2010-11. The debtors' collection period improved from 59 days in 2009-10 to 55 days in 2010-11.

Loans and advances: Loans and advances increased 8% from Rs. 402.44 lacs in 2009-10 to Rs. 434.12 lacs in 2010-11 mainly on account of an increase in advance to staff members.

Creditors: Sundry creditors increased from Rs. 1,462.94 lacs in 2009-10 to Rs. 1,493.42 lacs in 2010-11 due to increased sales. Creditors' collection period declined from 80 days of advance in 2009-10 to 75 days of advance in 2010-11.

Provision for taxation

Provision for tax for the current year increased from Rs. 59.21 lacs in 2009-10 to Rs. 139.71 lacs due to an increase in profits. The Company's pre-tax profit was taxed at an average 24.55%

Directors' Report

Dear Shareholders,

Your Directors present the 22nd Annual Report along with Audited Statement of Accounts for the year ended 31st March, 2011.

Financial results at a glance:

(₹ *in lacs*)

	31st March, 2011	31st March, 2010
Sales & Other Income	13149.29	11,353.41
Profit Before Tax	568.98	339.36
Profit After Tax	401.76	204.50
Balance Brought Forward	559.87	446.10
Appropriations:		
Dividend	64.73	64.73
Dividend Tax	10.75	11.00
General Reserve	15.00	15.00
Balance Carried Forward	871.15	559.87
EARNING PER SHARE	7.45	3.79

Operations

During the year under review, the total income of your Company was Rs. 13149.29 Lacs against Rs.11353.41 Lacs. in the previous year registering a growth of 15.82%. The net profit after tax was Rs. 401.76 Lacs against Rs. 204.50 Lacs in the previous year registering a growth of 96.46 %.

The increase was due to all-round growth in all the business verticals of your Company - Hand Tools, Forgings, Automobile Leaf Springs, improved capacity utilization and operational efficiency which has resulted in your Company to come up with better results despite surging raw material prices and rising inflation.

Right Issue:

The shareholders of the Company has approved right issue of shares in the Extra Ordinary General Meeting held on 14th June, 2011 for raising funds maximum Rs. 1650 Lacs by way of Right Issue of face value of Rs. 10/- per share with a premium band of Rs. 65/- to Rs. 75/- per share. The funds will be used for expansion of Automobile Forging capacity and additional working capital requirements.

Dividend

Your Directors recommended a dividend of 12% (i.e. Re. 1.20 per share) on 53,94,005 equity shares of Rs. 10 each for 2010-11. The previous year dividend paid was @ 12% (i.e. Re 1.20 per share).

Management discussion and analysis

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

Auditors

M/s Hemant J Vora & Co., Chartered Accountants, who are the statutory auditors of the Company holding the office of the Auditors until the conclusion of the ensuing Annual General Meeting. However they have expressed their inability to continue as the Statutory Auditors of the Company. It is therefore, proposed to appoint M/s. A.K. Bagadia & Co., Chartered Accountants to act as the Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next annual general meeting. The board recommends their appointment.

Directors

Mr. C. R. K. Murugan and Mr. Ravi Machhar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The board recommends their reappointment.

Directors' responsibility statement

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

1 In the preparation of annual accounts, the applicable accounting standard were followed along with proper explanation relating to material departures, if any;

2 The accounting policies selected had been applied consistently and judgments and estimates made 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 Proper and sufficient care had been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;

4 The annual accounts had been prepared on a 'going concern' basis.

Corporate Governance

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

Particulars of Employees

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

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

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

Acknowledgements

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

On behalf of the Board

Place: Mumbai
Date: 12th August, 2011

R. L. Gupta
Chairman

Annexure to the Director's Report

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

A. POWER AND FUEL CONSUMPTION :

	Current Year 2010-11	Previous Year 2009-10
1 ELECTRICITY		
(a) Purchased		
Units (KWH)	8981254	6521684
Total Amount (Rs.in Lacs)	492.21	321.11
Rate/Unit Rs.	5.48	4.92
(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	2051.990	2759.27
Total Amount (Rs.in Lacs)	512.40	581.56
Average Rate Per MT	24971	21076
OTHER/ INTERNAL GENERATION	NA	NA
Quantity		
Total cost		
Rent/unit		

B. Consumption per Unit of Production:

	Current Year 2010-11	Previous Year 2009-10
1 Drop Forged Hand Tools(MT)	6090.631	4746.66
Electricity Consumption (KW)	1222.48	1221.89
Fuel	160.19	273.45
2 Leaf Spring (MT)	8395.514	8035.09
Electricity Consumption (KW)	182.900	89.83
Fuel	128.204	181.86

C. Foreign Exchange Earning & Outgo:

	Current Year 2010-11	Previous Year 2009-10
(i) Earnings:		
FOB Value of Exports	4108.53	4165.00
(ii) Expenditures		
CIF Value of Imports		
Raw materials,	32.65	30.31
Spares & Consumables,	3.90	1.77
Capital Goods	24.02	0
Expenses in Foreign Currency:		
Travelling / Fare abroad	8.51	9.02
Commission & Discount	6.29	23.88
	75.37	64.99

Technology absorption, research and development

Research and developments and technology absorption

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

On behalf of the Board

Place: Mumbai
Date: 12th August, 2011

R. L. Gupta
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments

The Indian Economy has been growing at around 8.5%. Automobile Industry and Auto Component Sector also shown strong growth. Demand for Automobile and Allied products has seen steady growth and by and large the Company did grow with the market though it is just marginal to its real potential. The restructuring of organisation and its operation continues and expected to be streamlined by end of F.Y. 2012. With the new structure and operational Management, Company looks for more sustained growth and will strive to succeed its mission of fulfilling the expectation of its shareholders.

2. Opportunities and Threats :

Opportunities :

The prevailing strong & steady economic growth coupled with greater focus on Power & Infrastructure sector. In this scenario, the automobile and capital goods industry will continue to perform better. 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.

Threats :

- Entry of more new players, pre-dominantly from overseas.
- The current Company policy of manufacturing more non-standard products.

3. Outlook:

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

4. Risks and Concerns:

With rising inflationary pressures, weak, global recovery, volatility in raw material prices, tighter fiscal and monetary policies and possibility of slower growth rate of Indian Economy are the key concerns on the macroeconomic fronts which may have an impact on your Company's operations in the ensuing year.

5 Internal control systems and their adequacy

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

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

6 Discussion on the financial performance

During the year under review the sales turnover of the Company increased from Rs. 11353.41 Lacs to Rs.13149.29 lacs registering a fair improvement and growth by 15.82% as compared to the previous fiscal. The profit before tax of the current financial year was Rs 568.97 Lacs as against Rs.339.36 lacs. The profit before tax is almost twice vis-à-vis previous financial year

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

The Company believes that success of any 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. The employee's strength on 31st March, 2011 was 345.

Cautionary statement

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

corporate governance

1. Company's philosophy on code of governance

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

2. Board of Directors

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

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

I **Name of Director:** Mr. C R K Murugan, **Age:**74 years, **Date of Birth:** 15.10.1936 , **Qualification:** Commerce Graduate, M B A (Michigan U S A), Date of **Appointment:** 29.3.2006, Expertise: possessing 38 years of business experience in Steel, Forging, Auto Components Industry, He was President(operations) with Lucas – TVS headed various functions like production, marketing, personnel and purchase etc.

II **Name of Director:** Mr. Ravi Machhar, **Age:** 59years, **Date of Birth:** 26.2.1952, **Qualification:** Commerce Graduate, Date of **Appointment:** 10.11.1994, Expertise:33 years wide experience in the business experience in steel, forging, tubes, chemicals, packaging and tools industry . Directorship as on 31st March, 2011: Shri Sahyog Exhibitors Pvt. Ltd. Machhar Holdings Pvt. Ltd., Utsav Properties Pvt. Ltd., Ajinkya Exports & Capital Services Pvt. Ltd.,Liberal Exports & Capital Services Pvt. Ltd., Liable Securities & Real Estate P. Ltd., Akar Tools Limited, Apt Packaging Limited (formerly Anil Chemicals & Industries Ltd), Machhar Exports as Partner, Ultra Beauty Care Pvt Ltd.

3. Board meeting and AGM attendance.

The Board met 5 times during 2010-11 at the Company's factories/ office at E-5, MIDC Area, Waluj Aurangabad on 30th April, 2010, 9th August, 2010, 21st August, 2010, 15th November, 2010,11th February, 2011.

Details of attendance of each Director of the Board Meetings and at last Annual General Meeting held on 24th September , 2010 are given below

Name of the Director	Number of Board meetings attended	Last AGM attended yes/no	Number of Directorship held in other Companies	
			Public	Private
Mr. R. L.Gupta	5	NO	3	6
Mr. N. K. Gupta	3	YES	2	0
Mr. Sunil Todi	5	YES	1	1
Mr. R. Machhar	3	YES	1	6
Mr. Atul M. Desai	2	YES	4	0
Mr. C. K. R. Murugan	2	YES	0	0
Mr. P. M. Nijmapurkar	5	NO	0	0

4. Audit Committee

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

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

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

The terms of reference includes

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

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

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

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

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

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

Code of Conduct

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended, the Board approved the 'Akar Code of Conduct' for preventing Insider Trading' and 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 to, among others, the Company's shareholders Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation.

Pursuant to Clause 49 of the Listing Agreement, it is hereby confirmed that the 'Code of Conduct' as approved by the Board was complied with during 2008-09 by all Board members and the designated members of the Company's senior management.

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

Whistle Blower Policy

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

5. Remuneration Committee

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

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

Mr. 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 Mr. Sunil Todi was Rs. 21.13 lacs and to Mr. P.M. Nijampurkar was Rs.13.17 lacs.

6. Shareholders / Investors Grievance Committee

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

1. Mr. R. L. Gupta 2. Mr. N. K. Gupta 3. Mr. Sunil Todi 4. Ms Prerna Karwa

Company Secretary, is the Compliance Officer of the Committee.The Company received six complaints from the shareholders during 2010-11. All complaints were resolved to the satisfaction of shareholders. No share transfer was pending as on 31st March, 2011.

7. General body meeting

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

AGM	Date	Time	Venue	Special resolutions passed (if any)
21st	September 24,2010	10.30. am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil
20th	September 30, 2009	10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil
19th	September 26, 2008	10.30 am	Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai-400021	Nil

8. Disclosures

Related party transactions

There were no material transactions with related parties during the year 2010-11 which is pre-judicial to the interest of the Company.Details of related party transactions are given in schedule 18 as required by the Accounting Standard on related party disclosures (AS-18) prescribed by the ICAI. Statutory compliance, penalties and strictures. There is full compliance of the all the statutory provisions with the concerned authorities e.g. Bombay Stock Exchange and Registrar of Companies, among others. There were no penalties and strictures at all.

9. Means of communication

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

Shareholders' information

Shareholders/Investors services

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

Registrar & share transfer agents

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

BIG SHARE SERVICES PVT. LTD.
E-2, ANSA INDL. ESTATE,
SAKIVIHAR ROAD, SAKI NAKA,
ANDHERI (E), MUMBAI-400072
Ph. No. 022-28473474/28473747/ 28470652

22nd Annual General Meeting

Date & Time : 26th September, 2011 Time 10.30 am

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

Date of book closure

22nd September, 2011 to 26th September, 2011 (both days inclusive)

Proposed dividend

12% I.E. @ Rs. 1.20 Per Equity Shares

Listing of securities

Bombay Stock Exchange, Mumbai

Stock code

BSE code: 530621 Symbol: AKARTOOL EQ

Dematerialisation

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

1 National Securities Depositories Ltd

2 Central Depositories Services (India) Ltd

The ISIN number of the Share is IN E864E01013

Stock market data

Akar Tools Limited's Share at Bombay Stock Exchange Ltd

Month	Share price with BSE		BSE Sensex	
	High	Low	High	Low
April	43.50	30.00	18047.86	17276.8
May	40.00	32.25	17536.86	15960.15
June	44.80	34.00	17919.62	16318.39
July	80.00	40.80	18237.56	17395.58
August	74.50	64.10	18475.27	17819.99
September	78.55	65.00	20267.98	18027.12
October	79.50	69.25	20854.55	19768.96
November	100.50	70.50	21108.64	18954.82
December	91.00	66.55	20552.03	19074.57
January	74.85	65.50	20664.8	18038.48
February	74.70	59.55	18690.97	17295.62
March	91.30	61.10	19575.16	17792.17

Distribution of shareholding as on 31st March, 2011

Shareholding range	Number of shareholders	% of holders to total number of shareholders	Shares in ₹	% to total share capital
Up to 5000	1760	87.6931	2413120	4.4737
5001 to 10000	96	4.7833	811950	1.5053
10001 to 20000	40	1.9930	629380	1.1668
20001 to 30000	25	1.2456	626570	1.1616
30001 to 40000	11	0.5481	398570	0.7389
40001 to 50000	10	0.4983	471580	0.8743
50001 to 100000	17	0.8470	1233890	2.2875
100001 and above	48	2.3916	47354990	87.7919
Total	**2007**		**53940050**	**100.0000**

Shareholding pattern as on 31st March, 2011

Category	Number of shares held	% of shareholding
Indian promoters	4064333	75.34
Mutual funds	900	0.02
Private corporate bodies	509449	9.44
Indian public	783584	14.53
NRIs/OCBs	24577	0.46
Clearing members	11162	0.21
Total	**5394005**	**100**

Dividend history for last five years

2009-10	2008-09	2007-08	2006-07	2005-06
12%	10%	15%	15%	14%

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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.

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

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

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

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

For HEMANT J VORA & CO.
Chartered Accountants

(H J VORA)
Proprietor
Membership No.46326

Place : Mumbai
Date : 12th August, 2011

AKAR TOOLS LTD.

EMPOWERING YOU WITH EXCELLENCE

Regd office: 304, Abhay Steel House, Baroda Street, Carmac Bunder, Mumbai – 400 009, India

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai – 400021 on Monday the 26th September, 2011 at 10.30 a.m. to transact the following business:

As ordinary business

1. To receive, consider and adopt the audited Profit & Loss Accounts for the year ended 31st March, 2011, the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. C. K. R. Murugan who retires by rotation and being eligible, has offered him self for re-appointment.
4. To appoint a Director in place of Mr. Ravi Machhar who retires by rotation and being eligible, has offered himself for re-appointment.
5. To appoint M/s A. K. Bagadia & Co., Chartered Accountant, as Auditors in place of M/s. Hemant J. Vora & Co., Chartered Accountants, of the Company and to fix their remuneration.

"**RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. A. K. Bagadia & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of M/S. Hemant J. Vora & Co., Chartered Accountants, the retiring Auditors of the Company, who has expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting.

RESOLVED FURTHER THAT the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors, plus reimbursement of out of pocket expenses."

As special business

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to section 198, 269, 309, 310, 311, read with Schedule XIII and other applicable provisions, if any, and subject to the approval of the Central Government, if required, this meeting approves the re-appointment of Mr. Sunil Todi as Managing Director of the Company on such terms and conditions as are contained in the agreement entered into between the Company and Mr. Sunil Todi on 11th February 2011.

   RESOLVED FURTHER THAT Mr. R. L. Gupta, Chairman of the Company be and is hereby authorized to take all necessary steps to give effect to the said resolution."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:-

   "RESOLVED THAT pursuant to applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2009 and subject to the provisions of the Companies Act, 1956 ,Securities Contract (Regulations) Act, 1956 and the rules framed there under, listing agreement with the Stock Exchanges and subject to the provisions of the other applicable laws, statutes, rules, regulations guidelines, permission etc., consent of the members be and is hereby accorded to the Board of Directors of the Company to voluntarily de-list the Equity Shares of the Company listed with Delhi Stock Exchange Association Ltd., Delhi as well as Ahmedabad Stock Exchange Ltd., Ahmedabad at such time or times as the Board of Directors may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things and to settle all questions, difficulties or doubts that may arise with regard to the delisting and to execute such undertakings, deeds, documents, writings and the like as the Board of Directors in its absolute discretion may deem fit, necessary, expedient, desirable or appropriate.

RESOLVED FURTHER THAT the Securities of the Company shall continue to be listed with Bombay Stock Exchange Limited, Mumbai."

On behalf of the Board

Place: Mumbai
Date: 12th August, 2011

R. L. Gupta
Chairman

NOTES:

1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF/ITSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.THE INSTRUMENTS OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2 The Register of Members shall remain closed from 22nd September, 2011 To 26th September, 2011 (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 26th September, 2011 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 21st September, 2011 and the same forwarded to us by our RTA.

4 The Company has implemented the "GREEN INITIATIVE" as per CIRCULAR No. 17/2011 Dated 21ST April, 2011 and 18/2011 Dated 29TH April, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of Notices/ documents and Annual Reports to Shareholders. Henceforth, the email address indicated in your respective Depository Participants (DP) Account which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered Email Address for serving Notices/Documents including those covered under Section 219 of the Companies Act, 1956.

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 6

Abstract of the terms of Appointment of Mr. Sunil Todi as Managing Director and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors of the Company ('the Board') at its Meeting held on 11th February, 2011 decided to reappointment Mr. Sunil Todi as the Managing Director of the Company for a period of five years with effect from 16th September, 2010 to 16th September, 2015, subject to the approval of the members at the General Meeting and that of the Central Government, if required. The same was proposed in the Extra Ordinary General Meeting of the shareholders held on 14th June, 2011, but the decision was deferred till the Annual General Meeting.

Mr. Sunil Todi is a Chartered Accountant and Company Secretary having an experience of more than 2 decades in the business of steel, forging, tubes, chemicals, packaging and tools industry. He joined the Company as Managing Director on 15th September, 2005 and during this period, he has achieved many mile stones which covers major expansion by establishing Unit III and Merger of Ajanta Auto Industries Pvt. Ltd.

Your Board is of the view that considering the qualifications and experience of Mr. Sunil Todi, his reappointment as the Managing Director of the Company will be beneficial to the operations of the Company.

Following are the main terms and conditions of the appointment of Mr. Sunil Todi as Managing Director:-

1. Subject to the supervision, control and direction of the Board, Mr. Sunil Todi as Managing Director of the Company shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.
2. **Period of Appointment :** 5 years
3. **Salary** – Within the scale of Rs. 150,000/- – Rs. 300,000/- per month with effect from 1st September, 2011. The annual increment payable will be due on 1st September each year and will be determined by the Board of Directors on the recommendation of the remuneration Committee, which will take into account the performance of the managerial personnel, the size of operations, performance of the Company and other relevant factors.
4. **Perquisites & Allowances** – The Managing Director will be entitled for perquisites, benefits and allowances as stated herein.

   Medical Reimbursement, Club Fees and Personal Accident Insurance. Company will contribute to Provident, Superannuation and Gratuity Funds on Account of Mr. Sunil Todi on the same basis as other employees. Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of the limits for remuneration or perquisites as aforesaid.

5. **Minimum Remuneration** – Notwithstanding anything contained herein, where in any financial year, during the salary of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration to Mr. Sunil Todi by way of salary etc. as specified above.
6. Mr. Sunil Todi will be entitled for 30 days annual leave with pay for every completed service of eleven months.
7. The terms and conditions of the appointment of Mr. Sunil Todi as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII of the Act, or any amendments made thereto.
8. The Company will enter into an agreement with Mr. Sunil Todi as the Managing Director which will contain, inter-alia, all terms and conditions of his appointment. The agreement with Mr. Sunil Todi can be terminated by Mr. Sunil Todi or by the Company by giving 6 months notice period in writing.
9. The Managing Director is appointed by virtue of his employment in the Company and the appointment is subject to the provisions of Section 283(1)(l)of the Companies Act, 1956.

Memorandum of Interest

Except Mr. Sunil Todi, no Director of the Company is concerned or interested in the above resolution.

The Board recommends the resolution for your approval.

Item No. 7

Members are hereby informed that the Equity Shares of the Company is listed with premier Bombay Stock Exchange Ltd., Mumbai, Delhi stock Exchange Association Ltd., Delhi and Ahmedabad Stock Exchange Ltd, Ahmedabad. The Board of Directors is of the view that the Listing of securities with Delhi Stock Exchange Association Ltd, Delhi and Ahmedabad Stock Exchange Ltd., Ahmedabad served no purpose as the Regional Stock Exchanges are losing their relevance and hence it is proposed to de-list equity shares from these two Stock Exchanges. In the opinion of the Board of Directors the interest of Shareholders will not be effected if the Company get its Securities de-listed from the above two Stock Exchanges. The Equity Shares of the Company, however, shall continue to be listed with premier Bombay Stock Exchange Limited, Mumbai.

Therefore, this is in the interest of the Company to get the securities de-listed from these two Stock Exchange, namely Delhi Stock Exchange Ltd. and Ahmedabad Stock Exchange. Shareholder's approval is solicited for the resolution at item no. 2 of the accompanying notice. After getting the approval from the Shareholders the Company will approach to the above named two Stock Exchanges for de-listing of Securities.

The Board recommends the resolution for your approval.

FINANCIAL SECTION

AUDITORS' REPORT

To,
The Members of,
Akar Tools Limited

We have audited the attached Balance Sheet of **AKAR TOOLS LIMITED** as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report. These Financial statements are the responsibility of the Companies management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

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

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

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

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

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

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

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

   e) On the basis of the written representation received from directors as on 31st March 2011 and taken on record by the Board of Directors, we report that the none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub section (1) to Section 274 of the Companies Act 1956,and

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

      i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2011.

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

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

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

H J Vora
Proprietor
Membership No.46326

Place : Mumbai
Dated : August 12, 2011

Annexure to the Auditors' Report

Referred to in paragraph 1 of our report of even date,

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

(b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) During the year, the Company has not disposed of any substantial part of its fixed assets.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory, no material discrepancies were noticed on verification between the physical stocks and the book records.

iii. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest wherever applicable, and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

(c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company, wherever payable.

(d) There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company has taken an unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 85.47 Lacs and the year-end balance of such loan was Rs. 55. 47 Lacs.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

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

viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, except Rs. 11 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, the term loans have been applied for the purpose for which they were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.

xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

xix. According to the information and explanations given to us, the Company had not issued any debentures during the period covered by our audit report.

xx. The Company had not raised any money by way of public issue, during the year.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

H J Vora
Proprietor
Membership No.46326

Place : Mumbai
Dated : August 12, 2011

Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedules	31 March, 2011	31 March, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	53,940,050	53,940,050
Reserves & Surplus	2	165,999,067	133,370,650
		219,939,117	**187,310,700**
Loan Funds			
Secured Loan	3	378,139,542	395,412,429
Unsecured Loan	4	30,547,475	25,000,000
		408,687,017	420,412,429
Deferred Tax Liability	5	46,485,362	43,290,539
Total		**675,111,494**	**651,013,668**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	541,168,149	516,508,591
Less: Depreciation		186,192,489	162,637,659
Net Block		**354,975,659**	**353,870,932**
Investment	7	11,622,750	11,622,750
Current Assets, Loans & Advances			
Inventories	8	296,754,300	224,119,226
Sundry Debtors	9	208,470,344	208,904,121
Cash & Bank Balances	10	16,328,455	24,198,780
Loans & Advances	11	43,411,696	40,243,665
		564,964,795	497,465,792
Less: Current Liabilities & Provisions	12	256,451,711	211,945,806
Net Current Assets		**308,513,084**	**285,519,986**
Total		**675,111,494**	**651,013,668**
Significant accounting policies and Notes on accounts	**18**		

As per our Report of even date attached

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

For and on behalf of the Board

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

R.L.Gupta
Chairman

Sunil Todi
Managing Director

N.K. Gupta
Director

Prerna Karwa
Company Secretary

Place: Mumbai
Date: 12th August, 2011

PROFIT AND LOSS ACCOUNT for the Year ended 31st March, 2011

(Amount in ₹)

	Schedules	31 March, 2011	31 March, 2010
INCOME			
Sales & Other Income	13	1,314,929,552	1,135,341,459
Increase/(Decrease) in stock	14	44,726,711	23,747,854
		1,359,656,263	**1,159,089,313**
EXPENDITURE			
Raw Material Consumed	15	676,855,618	596,345,761
Interest and Bank charges	16	48,861,280	46,307,977
Other Expenses	17	431,506,927	368,610,948
Depreciation		24,075,363	26,328,819
Taxes & Duties		121,459,470	87,560,120
		1,302,758,659	**1,125,153,625**
Profit Before Tax		56,897,604	33,935,688
Less: Provision for Taxation Related to Earlier Year		(444,860)	5,559,784
Less: Provision for Taxation		13,971,349	5,921,577
Less: Deferred Tax		3,194,822	2,004,105
Profit After Tax		40,176,293	20,450,222
Add: Balance of Profit from Previous Year		55,987,382	44,610,017
Profit Available For Appropriation		96,163,676	65,060,239
Appropriations			
Transfer to General Reserve		1,500,000	1,500,000
Dividend Distribution Tax		1,075,068	1,100,053
Proposed Dividend		6,472,806	6,472,806
Balance carried to Balance Sheet		87,115,802	55,987,380
		96,163,676	**65,060,239**
Significant accounting policies and Notes on accounts	18		

As per our Report of even date attached

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

For and on behalf of the Board

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

R.L.Gupta
Chairman

Sunil Todi
Managing Director

N.K. Gupta
Director

Prerna Karwa
Company Secretary

Place: Mumbai
Date: 12th August, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2011

(Amount in ₹)

	31 March, 2011	31 March, 2010
1 CAPITAL		
Authorised Share Capital.	70,000,000	70,000,000
7000000 Equity share of Rs.10/- each		
	70,000,000	70,000,000
Issued, Subscribed & Paid up Capital.		
5394005 Equity Share of Rs.10/- each fully paidup	53,940,050	53,940,050
	53,940,050	53,940,050

	31 March, 2011	31 March, 2010
2 RESERVES & SURPLUS		
General reserve	42,283,267	40,783,267
Add: Transfer from Profit & Loss Account	1,500,000	1,500,000
Closing Balance	43,783,267	42,283,267
Share Premium Account	35,100,000	35,100,000
Profit & Loss Account	87,115,800	55,987,383
	165,999,067	133,370,650

	31 March, 2011	31 March, 2010
3 SECURED LOANS		
(A) Term Loan		
(I) Canara Bank Term Loan	92,533,190	117,884,170
(Secured by respective first specific charge on Fixed Assets & second charge on other Fixed Assets ranking pari-pasu with eachother)		
(B) Working Capital Loan		
(I) Canara Bank	284,269,699	275,947,931
(Secured by first charge on specific Fixed Assets, Secured against RM, FG, Debtors, W I P, Stores & Spares further secured by second charge on specific Fixed Assets charged to CANARA BANK, A'BAD)		
(C) Secured Against Motor Car (Secured against respective cars)	1,336,653	1,580,328
	378,139,542	395,412,429

	31 March, 2011	31 March, 2010
4 UNSECURED LOAN		
(includes loans from Directors & Associates Rs.55.47 lacs. Previous Year Nil)	30,547,475	25,000,000
	30,547,475	25,000,000

	31 March, 2011	31 March, 2010
5 DEFERRED TAX LIABILITY		
Opening balance	43,290,540	41,286,434
Addition during the year	3,194,822	2,004,105
Closing Balance	46,485,362	43,290,539

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2011

6 FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Additions	Deduction	As on 31.03.2011	As on 01.04.2010	Additions	Deductions	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Good Will	6,913,299	-	-	6,913,299	6,913,299	-	-	6,913,299	-	-
Land	20,596,122	-	-	20,596,122	-	-	-	-	20,596,122	20,596,122
Building	123,289,140	621,464	-	123,910,604	21,868,289	5,443,430	-	27,311,719	96,598,885	101,420,852
Plant & Machinery	317,702,089	21,378,096	818,084	338,262,101	113,389,165	15,196,350	520,583	128,064,932	210,197,169	204,312,924
Electrical installation	5,153,957	208,298	-	5,362,255	4,590,575	220,501	-	4,811,076	551,179	563,382
Vehicles	8,487,243	953,914	-	9,441,157	7,243,277	955,637	-	8,198,914	1,242,243	1,243,966
Office Equipments	2,077,888	295,904	-	2,373,792	811,060	138,071	-	949,131	1,424,661	1,266,828
Furniture & Fixtures	1,004,510	157,197	-	1,161,707	579,134	64,405	-	643,539	518,169	425,376
Computer	3,707,794	1,842,678	-	5,550,472	2,869,323	480,965	-	3,350,338	2,200,133	838,471
Containers	3,295,782	17,001	-	3,312,783	2,112,094	409,768	-	2,521,862	790,921	1,183,688
Plant & Mach- Reheating Furn.	23,739,565	-	-	23,739,565	2,070,768	1,127,629	-	3,198,397	20,541,168	21,668,797
Weigh Bridge	160,611	-	-	160,611	16,394	8,323	-	24,717	135,894	144,217
Lab Equipment	380,590	3,090	-	383,680	174,280	30,285	-	204,565	179,115	206,310
Total	**516,508,591**	**25,477,642**	**818,084**	**541,168,149**	**162,637,659**	**24,075,364**	**520,583**	**186,192,490**	**354,975,659**	**353,870,932**
Previous Year	503,484,182	13,938,350	913,944	516,508,591	136,733,837	26,328,819	424,975	162,637,659	353,870,932	

(Amount in ₹)

	31 March, 2011	31 March, 2010
7 INVESTMENT (At Cost)		
Investment Unquoted Shares	11,622,750	11,622,750
	11,622,750	11,622,750
8 INVENTORIES (As valued and certified by a Director)		
Packing Material	2,254,742	2,901,033
Finished Goods	56,257,117	53,189,967
Work in Progress	163,083,681	120,190,017
Scrap	859,546	1,447,357
Raw Material	48,567,834	24,918,594
Stores & Spares	25,731,380	21,472,259
	296,754,300	224,119,226
9 SUNDRY DEBTORS (Unsecured considered good)		
Due for period exceeding six month	6,856,750	4,620,888
Due for period below six month	201,613,594	204,283,233
	208,470,344	208,904,121

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2011

(Amount in ₹)

	31 March, 2011	31 March, 2010
10 CASH & BANK BALANCE		
Cash in hand	2,031,954	1,210,868
Balance with Scheduled Banks	14,296,501	22,987,912
	16,328,455	**24,198,780**

	31 March, 2011	31 March, 2010
11 LOANS & ADVANCES (Unsecured considered good)		
a) Advance to staff	2,097,746	721,956
b) Security deposits	5,637,004	3,451,062
c) Pre-paid expenses	894,233	906,893
d) Advance to suppliers	5,766,958	5,580,967
e) Other advances	29,015,755	29,582,787
	43,411,696	**40,243,665**

	31 March, 2011	31 March, 2010
12 CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	149,341,943	146,293,675
Other Creditors	79,882,278	47,917,573
Advance from Customers	4,608,214	4,240,122
	233,832,435	**198,451,370**
Provisions		
Provision for Income Tax	13,971,349	5,921,577
Provision for Dividend	6,472,806	6,472,806
Provision for Dividend Tax	2,175,121	1,100,053
	22,619,276	**13,494,436**
	256,451,711	**211,945,806**

	31 March, 2011	31 March, 2010
13 SALES & OTHER INCOME		
Sales : Export	422,133,572	431,105,018
Sales : DEPB (Export incentives)	44,234,315	36,653,782
Sales : Domestic	645,658,000	520,144,447
Sales : Scrap	77,800,670	57,124,883
Taxes & Duties	121,459,470	87,560,120
	1,311,286,027	**1,132,588,251**
Other Income/ Sales Job Work	3,643,525	2,753,208
	1,314,929,552	**1,135,341,459**

SCHEDULES FORMING PART OF THE ACCOUNTS as at 31st March, 2011

(Amount in ₹)

	31 March, 2011	31 March, 2010
14 INCREASE/(DECREASE) IN INVENTORY		
Opening Stock		
Packing Material	2,901,033	4,567,504
Finished Goods	53,189,967	44,619,868
Work in Progress	120,190,018	103,924,450
Scrap	1,447,357	868,697
	177,728,374	153,980,519
Closing Stock		
Packing Material	2,254,742	2,901,033
Finished Goods	56,257,117	53,189,967
Work in Progress	163,083,681	120,190,017
Scrap	859,546	1,447,357
	222,455,086	177,728,373
Net Increase/(Decrease) in Stock	44,726,711	23,747,854
15 RAW MATERIAL CONSUMED		
Opening Stock	24,918,594	29,447,327
Add. Purchases	700,504,858	591,817,027
	725,423,452	621,264,354
Less. Closing Stock	40,793,016	22,169,961
Less: Stock At Vendor	7,774,817	2,748,632
Raw Matrerial Consumed	676,855,618	596,345,761
16 INTEREST & FINANCIAL CHARGES		
Interest Expenses	40,050,178	40,079,233
Bank Charges & Commission	8,811,101	6,228,744
	48,861,280	46,307,977
17 OTHER EXPENSES		
Stores, Spares & Consumables	87,907,531	80,585,827
Manufacturing Expenses	42,790,263	29,682,627
Power & Fuel	113,849,037	95,856,523
Repairs & Maintenance	5,238,504	4,583,270
Manpower Expenses	73,692,733	65,528,942
Other Expenses	11,226,368	7,778,231
Miscellaneous Expenses	11,140,332	8,865,334
Selling Expenses	85,662,159	75,730,194
	431,506,927	368,610,948

18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. STATEMENT OF ACCOUNTING POLICIES

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

1) Revenue recognition

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

2) Sales

Sales are inclusive of excise duty and sales tax.

3) Fixed assets

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

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

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

4) Investments

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

5) Incidental expenditure during construction period

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

6) Inventories

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

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

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

7) Provision for retirement benefits

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

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

8) Research and Development

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

9) Foreign currency transactions on revenue account

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

18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES FORMING PART OF ACCOUNTS

1) Contingent Liabilities not provided for

a) Guarantees issued by banks on behalf of the Company ₹ 97.94 lacs (previous year ₹ 57.50 lacs)

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

Name of the Statute	Amount outstanding in Lacs (₹)	Assessment Year to which amount relates	Forum where dispute is pending
Income Tax	4.16	2004-2005	Chief Comm. of I. Tax
Income Tax	10.00	2003-2004	TRIBUNAL(Appeal by I.T. Deptt)
Income Tax	3.65	2003-2004	Chief Comm. of I. Tax
Income Tax	3.26	2002-2003	Chief Comm. of I. Tax
Income Tax	10.71	2001-2002	Chief Comm. of I. Tax
Income Tax	5.34	2000-2001	Chief Comm. of I. Tax
Income Tax	0.44	1999-2000	Chief Comm. of I. Tax
Sales Tax	23.25	2003-2004	Asstt. Comm. of Sales Tax

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

3) Segment reporting

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

(Amount in ₹ lacs)

	Hand Tools		Leaf Spring		Consolidated	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue	8935.12	6995.36	4214.18	4358.05	13149.30	11353.41
External Sale						
Total Revenue	8935.12	6995.36	4214.18	4358.05	13149.30	11353.41
Results						
Segment Results	1144.97	962.62	-575.99	-623.26	568.98	339.36
Other information:						
Segment Assets	7628.45	6567.13	1570.95	1946.24	9199.40	8,513.36
Investments	88.17	88.17	28.06	28.06	116.23	116.23
Total	**7716.62**	**6655.30**	**1599.01**	**1974.30**	**9315.63**	**8,629.59**
Segment Liabilities	3977.30	3850.20	2674.09	2473.38	6651.39	6,323.58
Share Capital & Reserves	3501.42	2570.89	-1302.04	-697.78	2199.38	1,873.10
Un-allocable/ Deferred Tax Liability	237.90	234.21	226.96	198.70	464.86	432.91
Total	**7716.62**	**6655.30**	**1599.01**	**1974.30**	**9315.63**	**8,629.59**

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

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

18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

Name of the Parties	Nature of Transaction	Amount (₹ in lacs)
R.L. Steels & Energy Ltd.	Purchase	6818.27
	Sales	1566.935
Gupta Concast Ltd.	Lease Rent	6.00
	Advance	NIL

5) **Key management personnel / associates**

R.L. Steels & Energy Limited, Shatrunji Investment Pvt. Ltd., Aurangabad Forging Pvt. Ltd., Gupta Concast Ltd., Mr.R.L.Gupta, Mr.N.K.Gupta, Mr. Sunil Todi, Mr. P.M. Nijampurkar.

6) Quantitative Information

	2010-11	2009-10
i) Licensed Capacity	N.A.	N.A.
ii) Installed Capacity		
(As certified by the Management)		
Tools	4800 T.P.A.	4800 T.P.A.
Leaf Spring	5400 T.P.A.	5400 T.P.A.
Parabolic Leaf Spring	14400 T.P.A.	14400 T.P.A.

	2010-11		2009-10	
	Quantity (M.T.)	Value (₹ in Lacs)	Quantity (M.T.)	Value (₹ in Lacs)
a) Turnover	14533.368	11120.26	12668.14	9879.03
Scrap Sales	3703.835	778.01	3147.23	571.25
b) Opening Stock of Raw Material	679.562	249.19	851.81	294.47
c) Purchase / Receipt	18582.55	7005.04	17355.57	5918.17
d) Closing Stock of Raw Material	1157.495	485.67	679.562	249.19
e) Consumption	18104.62	6768.56	17527.82	5963.46
f) Opening Work-in-Progress	1564.660	1201.90	1181.18	1039.24
g) Closing Work-In -Progress	1790.99	1630.84	1564.66	1201.90
h) Opening Stock of Finished Goods	746.800	531.90	609.36	446.20
i) Closing Stock of Finished Goods	701.957	562.57	746.80	531.90
j) Production	14488.525	MT	12009.77	MT
k) Closing Stock of Scrap	41.740	8.59	76.30	14.47
l) Consumption of Raw Material :		₹ in Lacs		₹ in Lacs
Indigenous		6735.91		5933.15
Imported		32.65		30.31
		6768.56		5963.46
m) C.I.F. Value of Import - Raw Material		32.65		
Capital Goods		24.02		NIL
F.O.B. Value of Export Sales				
n) Earning in Foreign Currency -		4108.53		4165.00

18 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

7) 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. Unsecured Loans includes ₹ 55.47 Lacs (Previous year NIL) from Directors & Associates.

8) Manpower expenses included ₹ 34.30 Lacs (Previous year ₹ 25.40 Lacs) paid to Directors as remuneration.

9) The creditors for goods include ₹ 144.45 lacs (previous year ₹ 21.24 Lacs) outstanding for a period exceeding 30 days towards SSI undertakings. There are twenty seven(previous year four) SSI units to which Company owed a sum exceeding ₹ 1.00 Lacs with the Company.

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

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

As per our Report of even date attached

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

For and on behalf of the Board

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

R.L.Gupta
Chairman

Sunil Todi
Managing Director

N.K. Gupta
Director

Prerna Karwa
Company Secretary

Place: Mumbai
Date: 12th August, 2011

CASH FLOW STATEMENT for the period ended 31st March, 2011

		2010–11	2009–10
A. CASH FLOW FROM OPERATIVE ACTIVITIES			
Net Profit before Tax and extraordinary items		56,897,604	33,935,688
Adjustment for:			
Depreciation		23,554,780	25,903,822
Interest debited to Profit & Loss Account		48,861,280	46,307,977
Operating Profit before Working Capital Charges		**129,313,665**	**106,147,487**
Adjustment for:			
Trade Receivables		433,777	(43,832,607)
Loans & Advances		(3,168,031)	(2,946,638)
Inventories		(72,635,074)	(24,556,927)
Trade Payables		35,381,065	30,359,042
Provision for Tax Liability		9,124,840	5,234,702
Add/(Less) I.Tax Provision for earlier Years		444,860	(5,559,784)
Cash Generated from Operations		**(30,418,563)**	**(41,302,212)**
Interest paid		48,861,280	46,307,977
Direct Taxes		13,971,349	5,921,577
Net Cash Flow from Operating Activities	A	**36,062,473**	**12,615,721**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(24,659,512)	(13,024,409)
Purchase of Investments		–	10,000,000
Increase/Decrease in Capital Work in Progress		–	444,303
Net Cash used in Investing Activities	B	**(24,659,512)**	**(2,580,106)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		(25,350,980)	(32,031,799)
Proceeds from short term borrowings		5,303,800	(5,210,804)
Dividend paid		(7,547,874)	(7,572,859)
Proceeds from working capital finance		8,321,768	44,543,574
Net Cash used in financing activities	C	**(19,273,286)**	**(271,888)**
Net Increase in Cash and Cash Equivalent	A+B+C	**(7,870,325)**	**9,763,728**
Opening Cash and Cash Equivalent		24,198,780	14,435,052
Closing Cash and Cash Equivalent		16,328,455	24,198,780
Closing Cash and Cash Equivalent c/f		16,328,455	24,198,780

As per our Report of even date attached

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

For and on behalf of the Board

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

Place: Mumbai
Date: 12th August, 2011

Auditor's Certificate

The above Cash Flow Statement has been complied from and is based on the audited accounts of AKAR TOOLS LIMITED for the year ended 31st March 2011, reported upon by us on 12th August, 2011. According to the information and explanation given to us the aforesaid Cash Flow has been prepared pursuant to Clause 32 of Listing Agreement and the reallocations required for the purpose are as made by the Company.

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

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

Place: Mumbai
Dated : 12th August, 2011

Balance Sheet Abstract and Company's General Business Profile

Balance Sheet Date	31 03 2011		

I. Registration Details

Registration No.	CIN: U29220MH1989PLC052305	State Code	11

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	675111	Total Assets	675111
Sources of Funds			
Paid-up Capital	53940	Reserves & Surplus	165999
Secured Loans	378140	Unsecured Loans	30547
Application of Funds			
Net Fixed Assets	354976	Investments	11623
Net Current Assets	308513	Misc. Expenditure	NIL

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	1359656	Total Expenditure	1302759
Profit before Tax	56898	Profit after Tax	40176
Earnings Per Share	7.45	Dividend rate	12%

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

Product Description

Drop Forged Hand Tools / Automobile Leaf Spring

As per our Report of even date attached

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

For and on behalf of the Board

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

R.L.Gupta
Chairman

Sunil Todi
Managing Director

N.K. Gupta
Director

Prerna Karwa
Company Secretary

Place: Mumbai
Date: 12th August, 2011

notes