



RAJASTHAN UDYOG & TOOLS LIMITED
29th ANNUAL REPORT
2006 - 07



RAJASTHAN UDYOG & TOOLS LIMITED

BOARD OF DIRECTORS

Managing Director	:	Shri A. K. Agarwal Shri R. K. Agarwal
Directors	:	Shri Rushil Agarwal Shri Shyam Agarwal
Chief Finance Officer	:	Shri S. K. Gupta
Bankers	:	State Bank of India
Auditors	:	Messers B. M. Kothari & Co. Chartered Accountants
Registered Office	:	503, Jolly Bhawan No. 1, New Marine Lines, Mumbai - 400 020.
Administrative Office	:	13, Heavy Industrial Area, Jodhpur - 342 003 Phone : 2741221, 2741421, 3090531 Fax : 291-2741721 E-mail : rugejdh@sify.com
Factory Premises	:	13 & 13-A, Heavy Industrial Area, Jodhpur - 342 003 SP-2/RIICO Ind. Area, Phase-II, Boranada, Jodhpur - 342 001

Registrars & Transfer Agent
MONDKAR COMPUTERS (P) LTD.
 21, SHAKIL NIWAS
 MAHAKALI CAVES ROAD
 ANDHERI (E), MUMBAI-400 093

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**NOTICE**

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of Rajasthan Udyog & Tools Limited, will be held at "Anmol Party Hall", Opp. Bangur Nagar Police Chowki, Link Road, Goregaon (West), MUMBAI - 400 062 on Friday, the 14th of Sept, 2007 at 04:30 P.M. to transact the following business :

ORDINARY BUSINESS

1. To review, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the report of Auditors and Directors thereon.
2. To appoint a director in place of Shri A. K. Agarwal and Shri R. K. Agarwal who retires by rotation and being eligible, offers himself for reappointment.
3. To reappoint M/s B. M. Kothari & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Place : Jodhpur
Dated : 20th Aug., 2007.

A.K. AGARWAL
Managing Director

Regd. Office :
503, Jolly Bhawan No. 1,
New Marine Lines, Mumbai - 400 020.

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**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY, PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Shares Transfer books of the Company will be closed from Wednesday, the 12th day of September, 2007 to Friday, the 14th day of September, 2007 (both days inclusive).
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company's administrative office at Jodhpur, at least 10 days in advance before the date of the Annual General Meeting, so that the information required may be made available at the meeting.
4. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting. None of the Directors of the Company are concerned or interested in the matter.

By order of the Board of Directors

Place : Jodhpur
Dated : 20th Aug., 2007

A.K. AGARWAL
Managing Director



DIRECTORS' REPORT

To,
The Members,

RAJASTHAN UDYOG & TOOLS LIMITED

Your Directors have pleasure in presenting the Twenty Ninth Annual Report and Audited Statement of Accounts of the company for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2006-07	2005-06
Total Turnover & other Receipts	2465.98	3095.71
Profit before Interest & Depreciation	(631.50)	242.00
Less : Interest & Financial Charges	154.71	136.95
Profit before Depreciation & Tax	(786.22)	105.05
Less : (i) Depreciation	82.53	91.50
(ii) Provisions for Tax		
a. Current Tax	-	1.15
b. Deferred Tax Assets/Liab.	(170.70)	13.14
c. Fringe Benefit Tax	2.25	5.61
Net Profit after tax	(700.30)	19.93
Add : Balance brought forward from the previous year	398.65	379.80
Less : Prior year adjustments	29.46	1.08
Less : Transferred to General Reserve	—	—
Balance carried to Balance Sheet	331.11	398.65

2. DIVIDENDS

Your Directors are not recommending payment of any dividend on equity shares for 2007.

3. OPERATIONS

Prices of diamond tools and stone working machines have been reduced, significantly due to competition from China and Unorganized Sectors. Company suffered a huge set back in the turnover resulting in to heavy loss during the year. However the management is taking major restructuring measures to improve product quality, reducing costs, strengthening marketing along with launch of new products. Company is focusing on development of export market.

During the year, the Sales and related income was drastically dropped by 20.34% at Rs. 24.66 Crores as compared to Rs. 30.96 Crores, and the Company incurred loss of Rs. 8.69 Crores.

4. DEPOSITS :

The Company has not accepted any deposits from the

Public within the meaning of section 58A of the Companies Act, 1956 and rules made thereunder.

5. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. R. K. Agarwal and Mr. A. K. Agarwal retires by rotation at the ensuing Annual General Meeting.

6. DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956.

- That in the preparation of the annual accounts for the year ended 31st March, 2007 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- That such accounting policies as mentioned in Schedule S of the Annual Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2007 and of the **LOSS** of the Company for that year.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the annual accounts for the year ended 31st March, 2007 have been prepared on the going concern basis.

7. CORPORATE GOVERNANCE

Due to Delisting of shares Corporate Governance Clause is not applicable to the Company.

8. AUDITORS

M/s B. M. Kothari & Co., Chartered Accountants, Auditors of the Company, retires at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

9. AUDITOR'S REPORT

Auditor's remarks in their report read with the notes of accounts referred to by them are self explanatory.

10. PARTICULARS OF EMPLOYEES

Information required pursuant to section 217(2A) of the Companies Act 1956, in respect of the employees is Nil.



11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE

Pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the required particulars as included in prescribed Form A & B are annexed herewith and form part of this report.

12. ACKNOWLEDGEMENT

Your Directors express their gratitude to the Customers, Government Authorities, Share holders and Vendors for their assistance and continued support. The Board also acknowledges the untiring efforts and contribution made by the Company's employees.

For and on behalf of the
Board of Directors

Place : Jodhpur

Dated : 20th Aug., 2007

A.K. AGARWAL
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The demand of company products are based on demand from Stone Industry. For a very long time use of stone remained the domain of rich and powerful, reserved for splendid expensive constructions but over past twenty years, the world production and consumption of marble and stone have raised many folds at a high rate of 8% annually. This was possible with the adoption of new technology in quarrying, sawing, cutting, polishing, transportation and induction of new markets techniques. The demand for Indian Stone in the world market is on the increase.

Our Company is known to be the pioneer company in introducing new technologies in the diamond tools and stone working machines. These tools and machines, not only gives higher yield per square stone but also curtails substantial labour costs, repairs and maintenance, shut downs and other overheads. Therefore products of the company enjoys good patronage in the markets.

2. DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE

For the year under report your company made net LOSS after tax of Rs. 700.30 lacs,

Almost all the losses can be attributed to write off of doubtful debts and obsolete stocks.

The Stone working machine division has recorded growth

of 4.75% over last year. During the year sales of tools division declined by 37.55%. The Company is developing new products and Penetrate in the export markets, the developments are encouraging.

3. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use and disposition and that transactions are authorised, recorded and reported correctly. The internal control system are supplemented by internal audit, review by management, guidelines and procedures. The Internal control system are designed to ensure that the financial statements and other data and for maintaining the accountability of assets. The company's system of internal audit company covers the entire operation and services spreading all locations, business and function. The Internal Audit is oriented toward review of controls and operational improvements.

4. OPPORTUNITIES AND THE OUTLOOK

The Diamond Tools and Stone Working Machines Industry foresees potential growth in view of the thrust given by the Government for the Construction, Housing and Infrastructure sectors. The industry is experiencing increase in consumption on account of drastic reduction in the stone prices and its availability at competitive rates every where.

The focus will be on penetration and creation of new market.

5. THREATS & RISKS

Owing to severe competition from the cheap imports from China and Korea and from the unorganised sector, there is severe downward pressure on the realizations. Consequently, the Company is not in a position to pass on the rise in the inputs costs to customers. In view of trade practices being followed in the industry, the Company is forced to extend larger credit period to the customers. As a result, there is possibility of increase in the operational costs resulting thereby in to lower margin.

6. HUMAN RESOURCE

Relations with the employees remained peaceful and harmonious throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and developmental programmes for all levels of employees have been devised. The Company considers the quality of its human resources as its important asset and it endeavors to attract and recruit best possible talent and to retain and groom it to meet its needs.

**7. CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Important factors that could make a difference to the Company's operations include raw material availability and prices, product demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

On behalf of the
Board of Directors

Place : Jodhpur
Dated : 20th Aug., 2007

A.K.Agarwal
Managing Director

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