



# Building a sustainable **ORGANISATION**

AKAR TOOLS LIMITED | ANNUAL REPORT 2012-13

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

R.L. Gupta, *Chairman*

Sunil Todi, *Managing Director*

N.K. Gupta, *Director*

Ravi Machhar, *Director*

Atul M. Desai, *Director*

C. K. R. Murugan, *Director*

P. M. Nijampurkar, *Director*

Bhagwan Das Narang, *Director*

### COMPANY SECRETARY

Rajashree V. Dubey

### AUDITORS

A K Bagadia & Co.

### COST AUDITORS

B. R. Chandak & Co.

### BANKERS

Canara Bank

### REGISTERED OFFICE

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

### ADMINISTRATIVE AND CORPORATE OFFICE

E-5, MIDC Area, Waluj  
Aurangabad-431136  
Maharashtra.

### REGISTRAR & SHARE TRANSFER AGENTS

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

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# NOTICE

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

## AS ORDINARY BUSINESS

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

## AS SPECIAL BUSINESS:

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

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

On behalf of the Board of Directors

Place: Aurangabad.  
Date: 12th August, 2013

**R. L. Gupta**  
Chairman

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ENSUING ANNUAL GENERAL MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF/ ITSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENTS OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2013 to 27th September, 2013 (both days inclusive).
3. The dividend, if declared, will be paid to those members whose name appears on the Register of Members of the Company as on 27th September, 2013 for members holding shares in physical mode. For members holding share in electronic form, the dividend will be paid as per the data as may be made available by the NSDL and/or CSDL as of the close of the business hours on 23rd September, 2013 and the same forwarded to us by our RTA.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting. Members are requested to notify their Depository Participants (DP)/ Company Registrar's viz. BIG SHARE SERVICES PVT. LTD. E-2, Ansa Indl. Estate, Sakivihar Road, Saki Naka, Andheri (e), Mumbai-400072. Immediately about changes of address if any, also write to them immediately about corrections in name, address, pin code & bank details. The members who desire any clarification on account are requested to write to the Company at an early date so as to enable the Company to keep information ready.
5. As part of the Green Initiative of the Ministry of Corporate Affairs, the members who wish to receive notice/ documents through e-mail may kindly intimate their e-mail addresses to the Company's Compliance Officer at corporate@akartoolsltd.com
6. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for a period of seven years from the date of transfer to unpaid Dividend Account of the

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

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

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

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

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

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

On Behalf of the Board of Directors

Place: Aurangabad.  
Date: 12th August, 2013

**R. L. GUPTA**  
Chairman

# ANNEXURE TO THE NOTICE

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

**ITEM NO 6:**

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

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

Presently, Shri Narang is the Member of Committee to

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

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

**Interest of Directors:**

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

Your Directors recommend the resolution for your approval.

# DIRECTORS' REPORT

*Dear Shareholders,*

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

## 1. PERFORMANCE OF THE COMPANY

### I. Financial Results at a glance:

(Rs. in lacs)

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

### II. Operations

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

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

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

### 2. DIVIDEND

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

### 3. AUDITORS

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

### 4. COST AUDITORS

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

### 5. SEBI REGULATIONS & LISTING FEES:

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

## 6. DIRECTORS

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

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

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

## 7. DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

As required under Clause 49 of the Listing Agreement with

stock exchange, a management discussion and analysis report, inter-alia, deals adequately with operations and the current and future outlook of the Company is annexed and form as part of the Annual Report.

## 9. CORPORATE GOVERNANCE

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

## 10. PARTICULARS OF EMPLOYEES

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

## 11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

## 12. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Place: Aurangabad.

**R. L. GUPTA**

Date: 12th August, 2013.

Chairman

# ANNEXURE TO THE DIRECTORS' REPORT

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

### A. POWER AND FUEL CONSUMPTION :

	2012-13	2011-12
1. ELECTRICITY		
(a) Purchased		
Units (KWH)	9829212	9315124
Total Amount (Rs.in Lacs)	633.69	563.05
Rate/Unit Rs.	6.45	6.04
(b) Own Generation :		
i) Through diesel generator Unit (Unit per Ltr. Of Diesel oil cost/ unit)	NA	NA
ii) Through steam turbine/generator Units (Units per Ltr. Of fuel oil/ gas cost/ unit)	NA	NA
2. COAL (specify quality and where used)	NA	NA
Quantity (tonnes)		
Total Cost Rs.		
Average Rate Per MT		
3. FURNACE OIL & LPG:		
Quantity (Kg)/MT	2435.15	2444.760
Total Amount ( Rs. in Lacs)	951.95	974.45
Average Rate Per MT	39092	39858
4. OTHER/ INTERNAL GENERATION		
Quantity		
Total cost	N.A.	N.A.
Rent/unit		

### B. CONSUMPTION PER UNIT OF PRODUCTION:

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



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

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

**TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

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

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

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

On behalf of the Board of Directors

Place: Aurangabad.

Date: 12th August, 2013.

**R. L. GUPTA**

Chairman

# MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

## 1. INDUSTRY SCENARIO

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

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

## 2. OPPORTUNITIES AND THREATS

### Opportunities:

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

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

### Threats:

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

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

## 3. OUTLOOK

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

## 4. RISK AND CONCERNS

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

With rising inflationary pressures, increase in the price of steel