



Akar Auto Industries Limited  
Annual report 2019-20



Engineering  
a sustainable future

# Contents

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Corporate Information .....	01
Notice .....	02
Director's Report .....	14
Corporate Governance Report .....	35
Management discussion and analysis .....	51
Independent Auditors' Report .....	59
Balance Sheet .....	68
Profit & Loss Account .....	69
Cash Flow Statement .....	70
Notes to Financial Statements .....	73

# Corporate Information

## BOARD OF DIRECTORS

Mr. R. L. Gupta - *Chairman*  
Mr. Sunil Todi - *Managing Director*  
Mr. N. K. Gupta - *Non-Executive Director*  
Mr. P. M. Nijampurkar - *Whole-Time Director*  
Mr. B. R. Galgali - *Independent Director*  
Mrs. Bhavana Saboo - *Independent Director*  
Mr. Anil Kumar Gupta - *Independent Director*  
Mr. Ulhas Gaoli - *Independent Director*

## CHIEF FINANCIAL OFFICER

Mr. Pawan Gupta

## COMPANY SECRETARY

Mr. Mitesh Gadhiya

## BANKERS

Canara Bank

## REGISTERED OFFICE

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

## ADMINISTRATIVE AND CORPORATE OFFICE

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

## FACTORIES

**Unit I:** E-5, MIDC Area, Waluj, Aurangabad,  
M.S - 431136

**Unit II:** C-5/6, MIDC Area, Waluj, Aurangabad,  
M.S - 431136

**Unit III:** Gut No. 24-25, Paithan Road,  
Chitegaon, Aurangabad, M.S - 431107

**Unit IV:** Plot No. G-45-46, MIDC, Chikalthana Jalna Road,  
Aurangabad, M.S - 431210

## STATUTORY AUDITORS

M/s Jaju and Kabra  
Office No. 4, Konark Villa,  
Bh. Gopal Cultural Hall, New Osmanpura,  
Aurangabad - 431005

## REGISTRAR & SHARE TRANSFER AGENTS

Bigshare Services Private Limited.  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis Apt. Marol Maroshi Road,  
Andheri East, Mumbai - 400059

For any queries regarding Annual Report, contact:  
Mr. Mitesh Gadhiya  
Head, Legal & Secretarial  
Akar Auto Industries Limited  
E-5, MIDC Area, Waluj, Aurangabad, M.S -431136  
Tel No. 0240-6647200  
Fax No. 0240-2554640  
E-Mail Id: corporate@akartoolsltd.com

# Notice to Members

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of Akar Auto Industries Limited (Formerly known as Akar Tools Limited) will be held on Tuesday, 29th day of September 2020 at 11.30 a.m. IST through video conferencing ('VC') / other audio visual means ('OAVM') to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and the Statement of Profit and Loss along with Cash Flow Statement and Notes to Accounts for the year ended 31st March, 2020 together with Board's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. P. M. Nijampurkar (holding DIN 01805132), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS:

3. **Ratification of remuneration to Cost Auditor for the financial year 2020-21.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s B. R. Chandak & Company, Cost Accountants (Firm Registration No. 021959), who have been appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, on a remuneration of ₹ 55,000/- (Rupees Fifty Five Thousand only) plus taxes as applicable, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

4. **Re-appointment of Mr. Sunil Todi as Managing Director and Payment of Remuneration.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions, if any, read along with Schedule V of the Companies Act, 2013 ('Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the consent of the Members be and is hereby accorded to the re-appointment and terms of remuneration of Mr. Sunil Todi (DIN: 00061952) as Managing Director ('MD') of the Company for a period of five years, with effect from 16th September, 2020 to 15th September, 2025, not liable to retire by rotation, upon the terms and conditions set out in the Statement annexed to the Notice convening this Meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during his said tenure within the overall limits of Section 197 of the Act, as recommended by the Nomination and Remuneration Committee, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and terms of remuneration as it may deem fit and in such manner as may be agreed to between the Board and MD.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

5. **Re-appointment of Mrs. Bhavna Saboo as an Independent Director.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualifications of

Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Mrs. Bhavna Saboo (DIN: 03008960), who holds office as a Non-Executive Independent Director, up to 29th September, 2020 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term commencing with effect from 30th September, 2020 up to 29th September, 2025, not liable to retire by rotation."

**6. Approval for Material Related Party Transactions.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of the Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as applicable and any amendments thereto and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to ratify/ approve all existing contracts / arrangements/ agreements and to enter into contract(s)/ transaction(s) with R. L. Steels & Energy Limited and Akar Industries Private Limited, related parties within the meaning of the aforesaid law, the value of which either singly or all taken together may exceed ten per cent of the annual turnover of the Company as per audited financial statements of the Financial Year 2019-20; having the following details and as detailed in the Explanatory Statement annexed hereto:

Sr. No.	Name of Related Party	Nature of Transaction	Period of Contract / Arrangement	Amount (₹ In Lakhs)
1	R. L. Steels & Energy Limited	Sale of Scrap / Others	1st April 2020 to 31st March 2021	2,500.00
		Purchase of Raw Material		15,000.00
2	Akar Industries Private Limited	Purchase of Raw Material	1st April 2020 to 31st March 2021	6,000.00

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual, in relation to the above and be authorized to approve aforesaid transactions and the terms & conditions thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, to sign, execute all such documents, instruments in writing on an on-going basis as may be required in its absolute discretion pursuant to the above Resolution."

**By order of the Board**

Date: 29th August, 2020  
Place: Aurangabad

Sd/-  
MITESH GADHIYA  
(Company Secretary)

## NOTES FOR MEMBERS' ATTENTION

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated 5th May, 2020 in relation to 'Clarification on holding of annual general meeting ('AGM') through video conferencing ('VC') or other audio visual means ('OAVM') read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19' (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 in relation to 'Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic' ('SEBI Circular') permitted the holding of the Annual General Meeting ('AGM'/'the Meeting') through VC/OAVM, without the physical presence of the members at a common venue.

In compliance with the provisions of the Companies Act, 2013 (the 'Act'), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, the 31st AGM of the Company is being held through VC/OAVM on Tuesday, 29th September, 2020 at 11.30 a.m. (IST).

The deemed venue for the AGM will be the place from where the Chairman of the Board conducts the Meeting.

2. As per the provisions of clause 3.A.II. of the General Circular No. 20/ 2020 dated May 5, 2020, issued by the MCA, the matters of Special Business as appearing at item nos. 3 to 6 of the accompanying Notice, are considered to be unavoidable by the Board and hence, form part of this Notice.
3. The Company's Statutory Auditors, M/s Jaju and Kabra, were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting of the Members held on September 22, 2017 on a remuneration to be determined by the Board of Directors. Their appointment was subject to ratification by the Members at every subsequent Annual General Meeting held after the AGM held on September 22, 2017.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, ratification of the Member for continuance of their appointment at this Annual General Meeting is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

4. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available to at least 1,000 members on a first come first served basis as per the MCA Circulars.
7. In line with the General Circular No. 20/2020 dated May 5, 2020, issued by the MCA and the SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. The Notice of AGM and Annual Report 2019-20

are available on the Company's website viz. [www.akartoolsltd.com](http://www.akartoolsltd.com) and may also be accessed from the relevant section of the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also on the website of CDSL at [www.evoting.cdsl.com](http://www.evoting.cdsl.com).

8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice can be inspected in electronic mode by sending a request on email to [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com).
9. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2020 to 25th September, 2020 (both days inclusive).
10. An explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Businesses to be transacted at the Annual General Meeting is attached hereto.
11. Members holding the shares in electronic form are advised to get their bank mandate updated with their respective Depository Participant as the bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend (if any). Members holding the shares in physical form are requested to write to the Company's RTA for the registration or change of bank mandates for the payment of Dividend (if any).
12. Members who have not encashed their dividend warrants are advised to write to the Company immediately for claiming dividends declared by the Company earlier.
13. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding the shares in physical form can submit their PAN details to the Company's RTA.
14. As per Regulation 40 of the SEBI Listing Regulations, as amended, transfer of securities would be carried out in dematerialised form only with effect from April 1, 2019, except in case of transmission or transposition of securities. However, members can continue to hold shares in physical form. In view of the same and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's RTA for assistance in this regard.
15. Members seeking further information about the accounts are requested to write to the Company at [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com) on or before September 18, 2020, so that it may be convenient to get the information ready at the meeting.
16. Members are requested to furnish or update their e-mail IDs with Company's RTA for sending the soft copies of the Annual Report of the Company as required vide circular no. 17/2011 dated April 21, 2011 and circular no. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions which would be passed at the General Meetings of the Company.
17. Members are requested to send all their documents and communication pertaining to shares to Company's RTA; M/s Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apt., Marol Maroshi Road, Andheri East, Mumbai-400059, for both physical and demat segments of equity shares.
18. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such Folios and send the relevant share certificates to Company's RTA for them to do the needful.
19. Members are requested to notify change in address, if any, immediately to Company's RTA quoting their folio numbers.
20. As per the provisions of Section 72 of Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to cancel the earlier nomination and record fresh nomination, he / she may submit the same in Form No. SH-14. Both forms can be downloaded from Company's website [www.akartoolsltd.com](http://www.akartoolsltd.com) under the 'Investor' Section. Members holding shares in physical form are requested to submit the shares to Company's RTA. Members holding shares in electronic form may submit the forms to their respective Depository participant.

21. Members are hereby informed that after the amendment of the erstwhile Companies Act, 1956 w.e.f. 31st October, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. Sections 124 and 125 of the Companies Act, 2013 ('the Act'), read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), applicable w.e.f. 7th September, 2016, also make similar provisions for transfer of unclaimed/ unpaid dividend to the Fund.

As per the above provisions, unclaimed/ unpaid dividend up to the financial year ended 31st March, 2012 has been transferred by the Company to the Fund. Members who have not yet encashed their dividend warrant(s) for any subsequent financial years are requested to make their claims to the Company without any delay.

It may be noted that unclaimed dividend for the financial year 2012-13 declared on 27th September, 2013, can be claimed by the Members by 26th September, 2020.

Members are also requested to note that, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, the Company is obliged to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to an IEPF Demat Account.

Members/ claimants whose shares or unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF Authority from time to time. The Member/ Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

In order to help Members to ascertain the status of unclaimed dividends, the Company has uploaded the information in respect of unclaimed dividends for the financial year ended 31st March, 2013 and subsequent years on the website of Investor Education and Protection Fund, [www.iepf.gov.in](http://www.iepf.gov.in) and under 'Investor' Section on the website of the Company, [www.akatoolsltd.com](http://www.akatoolsltd.com). Also the list of equity shareholders whose shares are liable to be

transferred to IEPF can be accessed on the website of the Company [www.akatoolsltd.com](http://www.akatoolsltd.com) under 'Investor' section.

22. Information relating to the Director(s) retiring by rotation and seeking appointment / re-appointment at this Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this notice.

23. The Company will hold the AGM through VC facility without physical presence of the members. The necessary details for joining the meeting are given below:

(i) Members may attend the AGM using VC facility on a live streaming link available at [www.evotingindia.com](http://www.evotingindia.com) under shareholders / members login by using the remote e-voting login credentials. The link for live streaming of the AGM will be available under the EVSN of the Company. The members holding shares either in demat form or in physical form shall follow the instructions given below to join the AGM through VC facility.

(ii) Members can participate in the AGM through desktop / laptop/smart phone / tablet. However, for better experience and smooth participation, it is advisable to join the Meeting through desktop / laptop connected through broadband.

On desktop / laptop:

- (a) On clicking the link to attend the AGM, a webpage will open which will ask for your name and email ID
- (b) Fill name of the 1st shareholder as appearing in the demat account statement / share certificate
- (c) Fill the email ID registered with the depository / the Company

(d) Click on submit

On smart phone / tablet:

- (a) Download the Cisco Webex Meetings app on your smart phone / tablet. Cisco Webex Meetings app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. This app can be downloaded without any charge.



- (b) On clicking the link to attend the AGM, a new page will open in the app which will ask for your name and email ID
  - (c) Fill name of the 1st shareholder as appearing in the demat account statement / share certificate
  - (d) Fill the email ID registered with the depository / the Company
  - (e) Click on submit
- Members who face any technical difficulty in accessing [www.evotingindia.com](http://www.evotingindia.com) may contact toll free no. 1800 225 533.
24. The meeting will be conducted following the below process:
- (I) The link for joining the meeting will be made active 15 minutes prior to the meeting i.e. at 11.15 a.m. on 29th September, 2020. Members are requested to join the meeting on time.
  - (II) Since this meeting is being held through video conferencing, physical attendance of members has been dispensed with. Therefore, appointment of proxies is not applicable.
  - (III) Pursuant to Section 113 of the Act, corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM, by e-mail before e-voting / attending AGM, to [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com).
  - (IV) Members who have questions or seeking clarifications on the Annual Report or on the proposals as contained in this Notice are requested to send e-mail to the Company at [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com) on or before 5.00 p.m. on Friday, 18th September, 2020. This would enable the Company to compile the information and provide the replies at the meeting. The Company will be able to answer only those questions at the meeting which are received in advance as per the above process.
- The Company will allot time for members to express their views or give comments during the meeting. The members who wish to speak at the meeting need to register themselves as a speaker by sending an e-mail from their registered e-mail ID mentioning their name, DP ID and Client ID / Folio number and mobile number, to the e-mail ID, [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com) on or before 5.00 pm on Friday, 18th September, 2020. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.
- (V) The voting on the proposals contained the Notice of AGM will be conducted as under:
- (a) The members who have registered their email addresses with the Company / their depository, can cast their vote through remote e-voting or through the e-voting during the meeting using the process mentioned below, in para 25, for evoting through electronic system means.
  - (b) The members who are holding shares in physical form and who have not registered their email ID with the Company, can write to [corporate@akartoolsltd.com](mailto:corporate@akartoolsltd.com) by providing their name and folio number and obtain default PAN (if PAN is not registered with the Company) for the purpose of e-voting in CDSL portal and exercise their vote either through remote e-voting or vote electronically during the AGM. The credentials will be provided to the members after verification of all details.
- Detailed instructions for voting are contained in Para 25 below.
- (VI) The Board of Directors of the Company has appointed Mr. Nitin S. Sharma (COP No 9761), Practising Company Secretary, as the Scrutinizer for conducting the process of remote e-voting and e-voting during AGM in a fair and transparent manner.
- (VII) The Scrutinizer shall submit his report, to the Chairman or any person authorized by him, on the voting in favour or against, if any, within forty-eight hours from the conclusion of the Meeting.
- (VIII) The results declared along with the consolidated Scrutinizer's Report and the recorded transcript of the meeting shall be placed on the website of the Company [www.akartoolsltd.com](http://www.akartoolsltd.com). The results shall simultaneously be communicated to the Stock Exchange.
25. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Company (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility which will enable the Members to cast their votes electronically on the resolutions mentioned in the notice of 31st Annual General Meeting of the Company.

Please refer below the instructions given below relating to voting through electronic means.

#### E-voting facility:

The remote e-voting period will begin on Saturday, 26th September, 2020 at 9.00 a.m. and will end on Monday, 28th September, 2020 at 5.00 p.m. During this period, members of the Company holding shares either in physical form or dematerialized form as on Friday, 18th September, 2020 (the "Cut-off Date") may exercise their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Friday, 18th September, 2020 (the "Cut-off Date"), only shall be entitled to avail the facility of remote e-voting as well as voting through e-voting system during the AGM. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the Cut-off date.

Any person who becomes a member of the Company after dispatch of the Notice of the Annual General Meeting and holding shares as on the cut-off date and wishing to participate in the e-voting may obtain User ID and password by sending a letter or email to the Company's Registrar and Transfer Agents, Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apt., Marol Maroshi Road, Andheri East, Mumbai (Email ID: [evoting.investor@bigshareonline.com](mailto:evoting.investor@bigshareonline.com)) providing details such as name of the Member, DPID / Client ID no. and name of the Company. User ID and password will be provided through email or SMS or letter as per details of the Member provided by the Depositories or available with the Registrars. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The voting during the AGM will begin on 29th September, 2020 at 11.30 a.m. and will end on completion of 15 minutes from the time of the conclusion of the AGM. Within this period, all members who are present at the AGM through VC facility and who have not yet exercised their vote through remote e-voting, can exercise their vote electronically.

The facility for e-voting during the meeting is available only to those members participating in the meeting through VC facility. If a member has exercised his / her vote during the AGM through e-voting but not attended the AGM through VC facility, then the votes casted by such member shall be considered invalid.

The procedure for remote e-voting and e-voting during the AGM is the same. The instructions for members voting electronically are as under:

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders / Members.
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for Akar Auto Industries Limited.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they

have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to helpdesk.evoting@cdslindia.com.

**By order of the Board**

Sd/-

MITESH GADHIYA  
(Company Secretary)

Date: 29th August, 2020  
Place: Aurangabad

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO 3:

In Pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors (Board) shall appoint an Individual who is Cost Accountant in practice, as Cost Auditor on the recommendation of the Audit Committee, which shall also recommend remuneration for such auditor. The remuneration recommended by the Audit Committee shall be considered and approved by the Board and ratified by the Members.

On recommendation of Audit Committee, the Board at their meeting held on 29th June, 2020 has considered and approved appointment M/s B. R. Chandak & Co, Cost Accountants, for conducting of Cost Audit of all applicable products at a remuneration of ₹ 55,000/- (Rupees Fifty Five Thousand Only) plus taxes as applicable for the Financial Year ending 31st March, 2021.

M/s. B. R. Chandak & Co has vast experience in the field of cost audit and has conducted the audit of the cost records of the Company for the past several years.

None of the Directors or Managers or Key Managerial Persons of the Company or their relatives, are in any way deemed to be concerned or interested, financially or otherwise, in the resolution as set out in Item No. 3 of the Notice.

Your Directors recommend an Ordinary Resolution as set out in Item no. 3 of the Notice for the approval of Members.

### ITEM NO 4:

Mr. Sunil Todi was appointed as the Managing Director of the Company for a period of five years effective from 16th September, 2015 till 15th September, 2020, not liable to retire by rotation, and the said appointment was approved by the Shareholders at the 26th Annual General Meeting held on 30th September, 2015.

Mr. Sunil Todi is a qualified Chartered Accountant and Company Secretary. He is associated with the Company since 1995 and has worked at various key positions. He is the Managing Director of the Company since 2001. He has a vast experience of more than 30 years in auto industry.

Further, on the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on 29th August, 2020 approved the re-appointment and terms of remuneration of Mr. Sunil Todi, subject to the approval of the Shareholders.

The main terms and conditions relating to the re-appointment of Mr. Sunil Todi as Managing Director are as follows:

- (1) Period:

For a period of 5 years i.e., from 16th September, 2020 to 15th September, 2025.

- (2) Nature of Duties:

The Managing Director shall devote his whole time and attention to the business of the Company and

perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.

(3) Remuneration:

Total Gross Salary as may be decided by Nomination and Remuneration Committee from time to time in the range of ₹ 5,00,000/- (Rupees Five Lakhs only) per month to ₹ 12,00,000/- (Rupees Twelve Lakhs only) per month.

(4) Perquisites:

- (a) Medical reimbursement of expenses incurred towards medical for self and family (spouse and children).
- (b) Contribution towards provident fund, superannuation fund.
- (c) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (d) Encashment of leave at the end of tenure.
- (e) Reimbursement of expenses incurred towards the use of telephone and internet connection.
- (f) Reimbursement of expenses incurred towards travelling (domestic and abroad) in connection with company's business.
- (g) Provision of car for business and personal use.

(5) Minimum Remuneration:

Notwithstanding anything contained herein, where in any financial year, during the tenure of Mr. Sunil Todi, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approval, pay remuneration by way of salary, perquisites not exceeding the maximum limit laid down in Section II of Part II of Schedule V to the Companies Act, 2013, as may be agreed by the Board of Directors.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Sunil Todi under Section 196 of the Companies Act, 2013. A copy of the aforesaid document setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The profile and specific areas of expertise of Mr. Sunil Todi are provided as annexure to this Notice.

None of the Directors or Managers or Key Managerial Persons of the Company or their relatives, except Mr. Sunil Todi, to whom the resolution relates, are in any way deemed to be concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of the Notice.

Your Directors recommend a Special Resolution as set out in Item no. 4 of the Notice for the approval of Members.

### ITEM NO 5:

Mrs. Bhavna Saboo was appointed as a Non-Executive Independent Director to fill up the casual vacancy caused due to the resignation of Mrs. Shilpa Sharma Non-Executive Independent Director. The term of appointment of Mrs. Bhavna Saboo was effective from 14th August, 2018 up to 29th September, 2020. The same was approved by the shareholders, through ordinary resolution, at the 29th Annual General Meeting held on 28th September, 2018.

The Board on 29th August, 2020, based on the recommendations of the Nomination and Remuneration Committee and pursuant to the performance evaluation of Mrs. Bhavna Saboo as a member of the Board and considering that the continued association of Mrs. Bhavna Saboo would be beneficial to the Company, proposed to re-appoint Mrs. Bhavna Saboo as Non-Executive Independent Director of the Company, not liable to retire by rotation, for a second term effective from 30th September, 2020 up to 29th September, 2025. Further, the Company has, in terms of Section 160(1) of the Act, received a notice in writing from a member proposing the candidature of Mrs. Bhavna Saboo for the office of Director.

The Company has received from Mrs. Bhavna Saboo (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act, (iii) Declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act read with Regulation 16 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations') and (iv) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that she has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

In terms of Section 149, 152 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, and in terms of the applicable provisions of the Listing Regulations, each as amended, the re-appointment of Mrs. Bhavna Saboo as an Independent Director of the Company for a second term commencing from 30th September, 2020 up to 29th September, 2025, is being placed before the Shareholders for their approval by way of a special resolution. Mrs. Bhavna Saboo, once appointed, will not be liable to retire by rotation.

In the opinion of the Board, Mrs. Bhavna Saboo is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder read with the provisions of the Listing Regulations, each as amended, and is independent of the Management of the Company. A copy of the draft letter of appointment of Mrs. Bhavna Saboo as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days up to the date of the Annual General Meeting ('AGM').

The profile and specific areas of expertise of Mrs. Bhavna Saboo are provided as annexure to this Notice.

None of the Directors or Managers or Key Managerial Persons of the Company or their relatives, except Mrs. Bhavna Saboo, to whom the resolution relates, are in any way deemed to be concerned or interested, financially or otherwise, in the resolution as set out in Item No. 5 of the Notice.

Your Directors recommend a Special Resolution as set out in Item no. 5 of the Notice for the approval of Members.

#### ITEM NO 6:

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to obtain consent of the Board and prior approval of the members by resolution in case certain Related Party Transactions exceed such sum as is specified in the rules. The aforesaid provisions are not applicable in respect transactions entered into by the Company in the ordinary course of business on an arm's length basis.

However, pursuant to regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the shareholders through Ordinary Resolution is required for all 'material' related party transactions (RPT) even if they are entered into in the ordinary course of business on an arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. The transactions to be entered into by the Company, together with transactions already entered into by the Company with R. L. Steels & Energy Limited and Akar Industries Private Limited, during the current financial year, even though are in the ordinary course of business and on an arm's length basis, are estimated to exceed 10% of the annual turnover of the Company as per the audited financial statements of the Company of the year ended 31st March, 2020:

Sr. No.	Name of Related Party	Name of Director / KMP who is related	Nature of Relationship	Any other relevant information for the members
1	R. L. Steels & Energy Limited	Mr. R. L. Gupta Mr. N. K. Gupta	Mr. R. L. Gupta and Mr. N. K. Gupta are Directors and also hold more than 2 percent shares of R. L. Steels & Energy Limited.	The transactions are in the ordinary course of business and are at an arm's length basis.
2	Akar Industries Private Limited	Mr. N. K. Gupta	Mrs. Usha Gupta, relative of Mr. N. K. Gupta, is Director of Akar Industries Private Limited.	

The above transactions are approved by the Audit Committee as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In view of the above, it is proposed to seek approval of the members of the Company through an Ordinary resolution for the above transactions and the related parties are abstained from voting on the resolution as set out at Item No. 6.

None of the Directors or Managers or Key Managerial Persons of the Company or their relatives, except Mr. R. L. Gupta and Mr. N. K. Gupta, are in any way deemed to be concerned or interested, financially or otherwise, in the resolution as set out in Item No. 6 of the Notice.

Mr. R. L. Gupta holds 16.75% shares in R. L. Steels & Energy Limited and 9.06% shares in Akar Industries Private Limited.

Mr. N. K. Gupta holds 8.23% shares in R. L. Steels & Energy Limited and 8.88% shares in Akar Industries Private Limited.

Your Directors recommend a Special Resolution as set out in Item no. 6 of the Notice for the approval of Members.

**Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief profile of Directors, eligible for appointment / re-appointment vide Item no. 2, 4 and 5 are as follows:**

<b>Name of Director</b>	<b>Mr. P.M. Nijampurkar</b>	<b>Mr. Sunil Todi</b>	<b>Mrs. Bhavana Saboo</b>
DIN	01805132	00061952	03008960
Date of Birth	13/07/1958	02/04/1951	25/05/1967
Date of Appointment	01/04/2019	16/09/2015	14/08/2018
Qualification	MBA (HR)	CA, CS	CA
Experience	35 years of vast experience in steel industries, hand tools industries & forging industries in the field of Human Resource	30 years of vast experience in Auto Industry	25 years of experience in the field of finance and taxation
Expertise in specific functional area	Administration	Overall Management	Finance
List of other Directorship held in other listed companies	Nil	Nil	Nil
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	Nil	Nil	Nil
No. of shares held in Company	Nil	40	Nil
Relationship between Directors inter-se	Nil	Nil	Nil

**By order of the Board**

Date: 29th August, 2020  
Place: Aurangabad

Sd/-  
**MITESH GADHIYA**  
(Company Secretary)

# Directors' Report

## To the Members,

Your directors have pleasure in presenting the Thirty First Annual Report on the business and operations of Company and the financial accounts for the year ended 31st March 2020.

## FINANCIAL HIGHLIGHTS

The financial highlights of your Company, for the year ended 31st March, 2020 are summarized below:

Particulars	(₹ in Lakhs)	
	31st March 2020	31st March 2019
Net Revenue from Operations	19,882.67	27,778.88
Other Income	14.60	22.04
Profit before Tax and Exceptional Items	(248.66)	653.56
Exceptional Items	-	(62.88)
Profit before Tax	(248.66)	590.67
Tax	57.47	69.56
Profit After Tax	(306.13)	521.11
<b>Movement in Retained Earnings</b>		
Balance Brought Forward	2,008.14	1,571.19
Add: Profit after Tax	(306.13)	521.11
Add: Other Comprehensive Income	(2.05)	(12.75)
Less: Dividend	59.33	59.33
Less: Dividend Tax	12.08	12.08
Less: Transfer to General Reserve	0.00	0.00
Balance Carried Forward	1,628.54	2,008.14

## COMPANY'S PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS

The Company mainly manufactures automobile parts for heavy commercial vehicles as well as passenger vehicles. The Company recorded net revenue from operations of ₹ 19,882.67 Lakhs in FY 2019-20, 28.43% lower than ₹ 27,778.88 Lakhs in FY 2018-19. The Loss Before Tax for FY 2019-20 was ₹ (248.66) Lakhs for FY 2019-20 as compared to Profit Before Tax of ₹ 589.79 Lakhs for FY 2018-19. The Loss After Tax for FY 2019-20 was ₹ (306.13) Lakhs for FY 2019-20 as compared to Profit After Tax of ₹ 521.11 Lakhs for FY 2018-19. The financial performance was impacted due to several challenges in FY 2019-20 such as general economy slowdown, liquidity issue, BS VI transmission and impact of COVID-19 pandemic towards the end of the year.



## **DIVIDEND**

As there is no profit in FY 2019-20, therefore the Board of Directors has not recommended dividend for the period under review.

## **FINANCIAL STATEMENTS**

Full version of the Annual Report 2019-20 containing complete Balance Sheet, Statement of Profit & Loss, other statements and notes thereto, prepared as per the requirements of Schedule III to the Companies Act, 2013, Directors' Report (including Management Discussion and Analysis, Corporate Governance Report) are being sent via email to all shareholders who's email address are registered with Company.

Full version of Annual Report 2019-20 is also kept open for inspection by any member. The members can send an email to [corporate@akartoolsLtd.com](mailto:corporate@akartoolsLtd.com) upto the date of ensuing Annual General Meeting (AGM). The same is also available at the Company's website at [www.akartoolsLtd.com](http://www.akartoolsLtd.com).

## **SHARE CAPITAL**

The paid up equity share capital as on 31st March, 2020 was ₹ 5,39,40,050/- divided into 1,07,88,010 equity shares of face value of ₹ 5/- each. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, and has not granted any stock options.

## **TRANSFER TO RESERVES**

Due to losses in FY 2019-20, no amount has been transferred to Reserves during the period under review.

## **INVESTOR EDUCATION AND PROTECTION FUND**

Dividend which was declared by the Company for the year ended 31st March, 2013 at the Annual General Meeting held on 27th September, 2013 and remain unclaimed will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government pursuant to the provisions of Companies Act, 2013. The last date for claiming the dividend is 26th September, 2020. Thereafter, no claim shall lie on dividend for the year ended March, 2013 from the shareholders.

MCA has notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund)

Rules, 2016 (IEPF Rules). Pursuant Section 124(6) of the Companies Act, 2013 read with IEPF Rules as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the Company to the IEPF.

## **SUBSIDIARIES**

The Company does not have any subsidiary within the meaning of the Companies Act, 2013.

## **CREDIT RATING**

The rating committee of CARE Ratings Limited has assigned a long term credit rating of CARE BB (pronounced as CARE Double B) and a short term credit rating of CARE A4 (pronounced as CARE A Four) to the line of credit facility enjoyed by the Company. The outlook on the long term and short term rating is stable.

## **PARTICULARS OF REMUNERATION OF DIRECTORS / KMP / EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached to this Report as ANNEXURE I.

## **THE CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EARNINGS AND OUTGO**

Information in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in ANNEXURE II which forms part of this Report.

## **STATUTORY AUDITORS**

M/s Jaju & Kabra, Chartered Accountants, Aurangabad were appointed as the statutory auditors of the Company, for the period of five (5) years at the 28th Annual General Meeting of the Company held on 22nd September, 2017. They have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company. The Independent Auditors Report for the financial year ended 31st March, 2020 does not contain any adverse remark or reservation and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

## SECRETARIAL AUDITORS

As per the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s Nitin S. Sharma & Associates (CP No. 9761), Practising Company Secretaries, Aurangabad to undertake the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report in Form No MR-3 for the Financial Year 2019-20 is annexed herewith as ANNEXURE III and forms a part of this report. The Secretarial Auditors in their report, have made an observation stating the eligible amount required to be spent, during the financial year 2019-20, towards Corporate Social Responsibility (CSR) is ₹ 9.82 Lakhs, however, the Company has spent ₹ 2.50 Lakhs towards CSR during the said financial year. The justification for the unspent amount towards CSR is given under ANNEXURE VII of this report.

## COST AUDITORS

As per the provisions of Section 148 (3) of the Companies Act, 2013, the Board of Directors of the Company had appointed M/s B R Chandak & Co. (Registration No. 21959), as Cost Auditors of the Company, for conducting the audit of cost records for the financial year ended 31st March 2020. The Cost Auditor has submitted its report for the financial year 2019-20 to the Board of Directors and the same has been approved by the Board of Directors in their meeting held on 29th August, 2020. A proposal for ratification of remuneration of the Cost Auditors for the financial year 2020-21 is placed before the shareholders for ratification / approval.

## ADEQUACY OF INTERNAL FINANCIAL CONTROL SYSTEM

According to Section 134(5)(e) of the Companies Act, 2013, the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report. The

Company has a well placed, proper and adequate IFC system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Internal Auditors are an integral part of the internal control system of the Company. To maintain its objective and independence, the Internal Auditors report to the Audit Committee of the Board. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company.

## DIRECTORS

### Director retiring by rotation:

Mr. P. M. Nijampurkar (holding DIN 01805132) retires by rotation under Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment. The brief resume of Mr. P. M. Nijampurkar, the nature of his expertise in specific functional areas, names of the companies in which he has held directorships, committee memberships / chairmanships, his shareholding etc. are furnished in the explanatory statement to the notice of the ensuing AGM.

### Re-appointment of Managing Director:

Upon the recommendation of Nomination & Remuneration Committee, the Board of Directors re-appointed Mr. Sunil Todi as Managing Director of the Company for a period of five years with effect from 16th September, 2020 up to 15th September, 2025, not liable to retire by rotation. The Board approved the re-appointment of Mr. Sunil Todi based on his significant contributions to the Company and the same is subject to the approval of the Members of the Company.

### Re-appointment of Independent Director:

Upon the recommendation of Nomination & Remuneration Committee, the Board of Directors proposed to re-appoint Mrs. Bhavna Saboo as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term commencing with effect from 30th September, 2020 up to 29th September, 2025, not liable to retire by rotation.

### Declaration by Independent Directors:

Your Company has received declarations from Mr. B. R. Galgali, Mrs. Bhavna Saboo, Mr. Anil Kumar Gupta and Mr. Ulhas Gaoli, Independent Directors, under provisions of Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013.

## KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel (KMP) of the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

Mr. Sunil Todi	Managing Director
Mr. P. M. Nijampurkar	Whole-time Director
*Mr. Pawan Gupta	Chief Financial Officer
Mr. Mitesh Gadhiya	Company Secretary

\*Mr. Pawan Gupta, has been appointed as the Chief Financial Officer of the Company with effect from 29th June, 2020.

\* Mr. Vinay Joshi resigned as Chief Financial Officer of the Company with effect from 11th January, 2020.

## EXTRACT OF THE ANNUAL RETURN

In accordance with requirements under Section 134(3) (a) and Section 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in form MGT 9 is given in ANNEXURE IV which forms part of this report. The same is also available on the Company's website [www.akartoolsltd.com](http://www.akartoolsltd.com).

## CORPORATE GOVERNANCE

All the requirements of the Corporate Governance are adhered to both in letter and spirit. All the committees of the Board of Directors meets at regular intervals as required in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Board of Directors have taken all necessary steps to ensure compliance with all statutory requirements. The Directors and Key Managerial Personnel of your Company have complied with the approved 'Code of Conduct for Board of Directors and Senior Executives of the Company'.

The report on Corporate Governance as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report and is annexed as ANNEXURE V.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEE MEETINGS

The details regarding the number of meetings of the Board of Directors and Committee meetings during the period under review is given in the Corporate Governance Report.

## PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations 2015, the Board,

in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The detailed information in this regard has been given in the Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and analysis is annexed as ANNEXURE VI and forms part of this report.

## VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has in place a vigil mechanism for Directors and employees of the Company.

## NOMINATION AND REMUNERATION POLICY

Pursuant to the requirement under Section 134(3) (e) and Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board of Directors has in place a policy which deals with the manner of selection of Board of Directors and Managing Director and their remuneration. The objectives and key features of this policy are:

- Formulation of the criteria for determining qualifications, positive attributes of directors, Key Managerial Personnel (KMP) and senior management personnel and also independence of Independent Directors;
- Aligning the remuneration of Directors, KMPs and senior management personnel with the Company's financial position, remuneration paid by its industry peers etc.;
- Performance evaluation of the Board, its committees and Directors including Independent Directors;
- Ensuring Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down; and
- Directors' induction and continued training.

The Nomination and Remuneration policy of the Company is available on Company's website [www.akartoolsltd.com](http://www.akartoolsltd.com).

## RELATED PARTY TRANSACTIONS

All related party transactions those were entered during the financial year were in the ordinary course of business and on arm's length basis. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature and which can be foreseen and accordingly the required disclosures are made to the Audit Committee on quarterly basis in terms of the omnibus approval of the Committee.

Since all the related party transactions entered into by the Company were in ordinary course of business and were on an arm's length basis during the period under review, therefore Section 188 (1) of Companies Act, 2013 is not applicable to the said related party transactions. Thus the Company is not required to prepare Form AOC-2.

The policy on materiality of related party transactions and also on dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the web-site of the Company "www.akartoolsltd.com" under the tab "Policies".

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There is no loan given or guarantee provided or security provided or investment made by the Company during the financial year 2019-20 as per Section 186 of the Companies Act, 2013.

## DEMATERIALIZATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on 31st March, 2020, 98.67% of the share capital stands dematerialized

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The net profit of the Company for the FY 2018-19 was above Rupees Five Crore, therefore, the provisions of Section 135 of the Companies Act, 2013 and rules related thereto, relating to Corporate Social Responsibility, are applicable to the company for the period under review.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the

year, is annexed as ANNEXURE VII. The Policy is available on the website of the Company at the web link <https://www.akartoolsltd.com/investor/policies.html>

## DISCLOSURE ON AUDIT COMMITTEE

The Audit Committee as on March 31, 2020 comprises of the following Directors:

- i. Mrs. Bhavna Saboo (Chairperson)
- ii. Mr. B. R. galgali (Member)
- iii. Mr. Sunil Todi (Member)

All the recommendations of the Audit Committee were accepted by the Board of Directors.

## RISK ASSESSMENT AND MANAGEMENT

Your company is exposed to various business risks. These risks are driven through external factors like economic environment, competition, regulations etc. The Company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business and non-business risks. The Audit Committee and Board periodically review the risks and suggest steps to be taken to manage/mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134 (3) (c) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual financial statements for the year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have, in consultation with Statutory Auditors, selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the net profit of the Company for the financial year ended 31st March 2020;
- (c) the Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for the maintenance of adequate accounting records in accordance with the provisions of the Companies

Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down adequate internal financial controls to be followed by the Company and such internal financial controls were operating effectively during the financial year ended 31st March 2020; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively throughout the financial year ended 31st March 2020.

### **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143 (12) OF COMPANIES ACT, 2013**

During the financial year ended 31st March 2020, there were no frauds reported by the auditors to the Audit Committee or the Board under Section 143 (12) of the Companies Act, 2013.

### **DEPOSITS**

Your Company has not accepted any deposits under Chapter V of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014, during the period under review.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India i.e. Secretarial Standard-1 (SS-1) on the meetings of Board of Directors and Secretarial Standard-2 (SS-2) on General Meetings.

### **MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The impact of Covid-19 on the Company has been explained in the Management Discussion and Analysis, which forms part of the Annual Report.

There is no order passed by any regulator or court or tribunal against the Company, impacting the going concern concept or future operations of the Company.

### **CONTINGENT LIABILITIES**

The details of contingent liabilities are given in Note No. 31 of the Notes to Financial Statements.

### **NATURE OF BUSINESS**

There has been no change in the nature of business of the Company.

### **FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS**

The details of familiarisation programmes imparted to Independent Directors is available on the website of the Company 'www.akartoolsLtd.com' under the head 'Board of Directors' under 'Familiarisation Programme'.

### **HUMAN RESOURCES**

Your Company believes in engaging human resources as they are the key differentiator for the success of the Company. Keeping the employees engaged and committed can go a long way in attainment of objectives and ensuring sustained business performance. In line with this, your Company has initiated several interventions that will enhance the engagement of the employees. Being a people centric organisation, your Company recognises the significance of building next generation leadership by developing internal talent to meet the organisational objectives. Through this, the human resources function continues to align its strategic interventions and processes, while simultaneously addressing the needs of multiple stakeholders and maintaining a competitive employee cost. Your Company continues to have cordial and harmonious industrial relations across all the manufacturing units. The total number of employees of the Company as on March 31, 2020 stood at 434.

### **OCCUPATIONAL HEALTH, SAFETY, ENVIRONMENT AND INDUSTRIAL RELATIONS**

Your Company has effectively deployed policies on Safety, Occupational Health & Environment at all locations. It continually focuses on improving the effectiveness of system processes, through globally accepted standards. Your Company develop and manufacture products that are safe, eco-friendly and economical. Your Company reviews its processes and its behaviour on a regular basis and measures its effect on people's health and on the nature.

During the year the Company had cordial relations with workers, staff and officers. The shop floor management is done through personal touch, using various motivational tools and meeting their training needs requirements. The Company has taken initiative for safety of employees and implemented regular safety, imparted machine safety training, wearing protective equipment etc.

## LISTING

Your Company's shares continue to be listed on BSE Limited and are actively traded. The listing fee to BSE Limited for the year 2020-21 has been paid by your Company.

## POLICY AGAINST SEXUAL HARASSMENT AT WORKPLACE

Pursuant to the provisions of Section 4(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place an Internal Complaints' Committee. The following is a summary of sexual harassment complaints received and disposed off during the year

No. of complaints received: Nil

No. of complaints disposed off: NA

## CODE OF CONDUCT

Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company. The Code of Conduct is available on the Company's Website [www. akartoolsltd.com](http://www.akartoolsltd.com).

## POLICY FOR PRESERVATION OF DOCUMENTS AND ARCHIVAL POLICY

In compliance with Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company has in place the policy for preservation of document and archival policy.

## LOAN FROM DIRECTORS

The Company has received a loan of ₹ 1,65,000/- (Rupees One Lakh Sixty Five Thousand only) from Mr. R. L. Gupta, Non-Executive Director of the Company, during the financial year 2019-20. The Company has also received a declaration from him stating that the loan given by him is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others. This disclosure is being made pursuant to Rule 2 (1) (c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014.

## ACKNOWLEDGEMENTS

Your Directors are pleased to express their gratitude for all the co-operation and assistance received from bankers, members, customers, vendors, various Government authorities and employees for their support and faith in the Company.

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**For and on Behalf of Board**

Date: 29th August 2020

Place: Aurangabad

Sd/-

**R.L.Gupta**

(Chairman)

DIN:00061861

## ANNEXURE - I

### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) AND SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. **The Ratio of the remuneration of each Director to the median remuneration to the employee of the Company for the financial year 2019-20:**

Director's Name	Remuneration (₹ in Lakhs)	Median Remuneration (₹ in Lakhs)	Ratio
Mr. Sunil Todi	51.98	2.51	20.71
Mr. P.M. Nijampurkar	13.17	2.51	5.25

Notes:

- i. Independent Directors have been paid sitting fees for attending meeting of the Board or its Committees as disclosed in the Corporate Governance Report. The sitting fees paid have not been included in the details mentioned above.
  - ii. For Calculation of median remuneration, the employee count taken is 351 which comprises employees who have served for whole of the Financial Year 2019-20
2. **Percentage increase in remuneration of each Director, Chief financial officer, Company Secretary in Financial Year 2019-20:**

Director's/CFO/CS Name	Designation	% increase/decrease in remuneration in the Financial Year 2019-20
Mr. Sunil Todi	Managing Director	(8.21)%
Mr. P. M. Nijampurkar	Executive Director	0.00%
Mr. Vinay Joshi*	Chief Financial Officer	0.00%
Mr. Mitesh Gadhiya	Company Secretary	4.50%

\* Mr. Vinay Joshi resigned as Chief Financial Officer of the Company with effect from 11th January, 2020.

3. **Percentage increase in the median remuneration of employees in the financial year 2019-20: 0.40%**
4. **Number of the Permanent employees on the rolls of the company as on 31.03.2020: 434**
5. **Average percentile increase in salaries of Employees other than Managerial personnel in the last Financial year and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and any exceptional circumstances for increase in the Managerial Remuneration (if any):**  
The percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 4.11%, as against (8.21) % increase in the salary of Managing Director (Managerial personnel as defined under Companies Act, 2013). The increment given to each individual employee is based on the employees' potential, experience as well as their performance and contribution to the Company's progress over a period of time.
6. **Affirmation of remuneration is as per the remuneration policy of the company.**  
It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy adopted by the Company.

**7. Top Ten Employees in terms of remuneration drawn during the year 2019-20:**

Sr. No	Name	Designation	Remuneration (In Lakhs)	Qualification	Experience in Years	Date of commencement of employment	Age in Years	Particular of last employment
1	Sunil Todi	Managing Director	51.98	CA, CS	38	21.06.1989	57	R L Steels & Energy Ltd.
2	Vinay Joshi	CFO	23.16	CA	22	12.11.2018	47	IRM Ltd.
3	Nasim Ahmad	V.P. Operations	22.30	B.Tech. MBA	29	01.04.2005	50	M/S. Ambika Overseas(P) Ltd.
4	Jayendra Lily	Sr. Manager Marketing	16.18	MBA	16	10.10.2008	40	Marathwada Auto Comp Pvt. Ltd.
5	Mohhamad Inayatullah	A.G.M Quality Control	14.57	DME, B. Tech	15	10.12.2013	39	JCB India Ltd.
6	Mitesh Gadhiya	Company Secretary	13.69	CS, LL.B	12	10.11.2016	36	R J Biotech Ltd.
7	Sayyed Ambir	Maintenance Head	13.32	DEE	20	01.04.2019	49	Saraswati Auto Pvt. Ltd.
8	Pradeep Nijampurkar	Whole-time Director	13.17	MBA	37	31.07.2007	62	R L Steels & Energy Ltd.
9	M. K. Verma	A.G.M Marketing	13.16	MBA	25	05.12.2010	52	Friends Auto Ltd.
10	Radhyeshyam Rathi	Manager Finance	12.19	CA	13	05.03.2016	31	Century Rayon

Notes:

1. The employees have adequate experience to discharge responsibilities assigned to them
2. None of the employees are relatives of the Directors of the Company
3. The nature of employment is not contractual, except for Mr. Sunil Todi & Mr. Pradeep Nijampurkar

**For and on Behalf of Board**

Date: 29th August 2020  
Place: Aurangabad

Sd/-  
**R.L.Gupta**  
(Chairman)  
DIN:00061861



## ANNEXURE - II

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

Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

#### A. CONSERVATION OF ENERGY

**(i) Steps taken/Impact on Conservation of Energy:**

Improvement in energy efficiency is a continuous process at Akar and conservation of energy is given a very high priority in all our plants and offices.

The energy cost saving measures carried out by the Company during the year are listed below:

- All air Conditioners, lights and computers are shut down after office hours (except at the time work commitments)
- There is an optimum ratio of glass windows to utilize natural daylight and proper insulation/ventilation to balance Temperature and reduce heat.
- The Company is continuously putting its efforts to improve Energy Management by way of monitoring energy related parameters on regular basis.
- Continuously monitoring the energy parameters such as maximum demand, power factor, load factor, TOD tariff utilization on regular basis.
- Continuously replacing the inefficient equipment's with latest energy efficient technology & up gradation of equipment's continually.
- Increasing the awareness of energy saving within the organization to avoid the wastage of energy.
- Automated load management system to improve power factor with reduced contract demand.

**(ii) Steps taken by the Company for utilizing alternate sources of energy:**

Currently the Company does not have any alternate source of energy. The Company is exploring the options available for developing alternate source of energy.

**(iii) Capital investment on energy conservation equipment during the year: NIL**

#### B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

**(i) Efforts made towards technology absorption:**

The Company is enhancing automation in the manufacturing process to reduce its dependability on manpower. Further, all efforts are being made to develop the new products to stay ahead in the competition.

**(ii) Benefits derived:**

The enhancement done in the automation process in manufacturing has improved the quality of products of the Company and has also placed the Company in better position as against its competitors.

**(iii) Imported technology in previous three years:**

The Company has not imported any technology during the previous three years.

**(iv) Expenditure incurred on Research and Development:**

Not significant

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	2019-20	2018-19	2017-18
Foreign Exchange Earned	4,967.03	4,648.57	3,883.17
Foreign Exchange used	77.44	57.05	170.18

For and on Behalf of Board

Date: 29th August, 2020  
Place: Aurangabad

Sd/-  
R.L.Gupta  
(Chairman)  
DIN:00061861

# ANNEXURE - III

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,

#### **AKAR AUTO INDUSTRIES LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Akar Auto Industries Limited** (Formerly known as Akar Tools Limited) bearing CIN. L29220MH1989PLC052305 (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period ended on **March 31, 2020**, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2020** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the

extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (No FDI, ODI and ECB was taken by the Company during the Audit Period);

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Audit Period)
  - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client with respect to issue of securities; (Not applicable to the Company as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Audit Period)
  - (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period)

(h) Securities and Exchange Board of India (buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

VI. The other Laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector / industry are:

- (i) The Factories Act, 1948
  - (ii) Air (Prevention & Control of Pollution) Act, 1981 and the rules made thereunder
  - (iii) The Environment (Protection) Act, 1986 and the rules made thereunder
  - (iv) The Water (Prevention & Control of Pollution) Act, 1974 and the rules made thereunder
- The other general laws applicable to the Company:
- (v) Employees' Provident Fund & Miscellaneous Provisions Act, 1952
  - (vi) Payment of Gratuity Act, 1972
  - (vii) Minimum Wages Act, 1948
  - (viii) Professional Tax Act, 1975 and the rules made thereunder
  - (ix) Payment of Bonus Act, 1965
  - (x) Shop & Establishment Act, 1948
  - (xi) Central Excise Act, 1944
  - (xii) Legal Metrology Act, 2009 and Rules and Regulations made thereunder

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules,

Regulations, Guidelines, Standards, etc. mentioned above subject to following:

As per the provision of Section 135 of the Companies Act, 2013, the eligible amount required to be spent by the Company, during the financial year 2019-20, towards Corporate Social Responsibility (CSR) is ₹ 9.82 Lakhs, however as per information and record provided to us, the Company has spent ₹ 2.50 Lakhs towards CSR during the said financial year.

Based on the information and record provided to us, we further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31st March, 2020. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not incurred any specific event / action that can have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Nitin S. Sharma & Associates  
Company Secretaries

Sd/-

**Nitin S. Sharma**

Proprietor

M. No. FCS 8518, C. P. No. 9761

Date: 29th August, 2020  
Place: Aurangabad

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## Annexure A to the Secretarial Audit Report

To  
The Members

### **AKAR AUTO INDUSTRIES LIMITED**

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Nitin S. Sharma & Associates  
Company Secretaries

Sd/-

**Nitin S. Sharma**

Proprietor

M. No. FCS 8518, C. P. No. 9761

Date: 29th August, 2020

Place: Aurangabad

# ANNEXURE - IV

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2020

(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.)

#### I. REGISTRATION & OTHER DETAILS

a.	CIN	L29220MH1989PLC052305
b.	Registration Date	21st June, 1989
c.	Name of the Company	AKAR AUTO INDUSTRIES LIMITED (Formerly known as Akar Tools Limited)
d.	Category/Sub-category of the Company	Public Company/Limited by Share
e.	Address of the Registered office & contact details	304 Abhay Steel House, baroda Street Carnac Bunder, Mumbai Maharashtra 400009
f.	Whether listed company	Yes
g.	Name, Address & contact details of the Registrar & Transfer Agent	Bigshare Services Pvt.Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apt. Marol Maroshi Road, Andheri East, Mumbai-400059

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(Contributing 10% or more of the total turnover)

Sr. No.	Name & Description of main product	NIC Code of the Product /service	% to total turnover of the company
a.	Manufacture of Auto components	2822	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1			Nil		

#### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

##### i. Category-wise of Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	5822030	0	5822030	53.97	5822030	0	5822030	53.97	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	2059716		2059716	19.09	2059716		2059716	19.09	0
d) Bank/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>7881746</b>	<b>0</b>	<b>7881746</b>	<b>73.06</b>	<b>7881746</b>	<b>0</b>	<b>7881746</b>	<b>73.06</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter</b>									
<b>(A)= (A)(1)+(A)(2)</b>	<b>7881746</b>	<b>0</b>	<b>7881746</b>	<b>73.06</b>	<b>7881746</b>	<b>0</b>	<b>7881746</b>	<b>73.06</b>	<b>0</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/Fl	0	0	0	0	0	0	0	0	0
c) Central Govt/State Govt	0	0	0	0	0	0	0	0	0
d) Venture Capital Fund	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) FIIS	0	0	0	0	0	0	0	0	0
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Non Institutions</b>									
a) Bodies corporate	436156	7200	443356	4.11	278346	7200	285546	2.65	(1.46)
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1468258	120392	1588650	14.73	1510569	115652	1626221	15.07	0.35
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	625650	0	625650	5.80	603588	0	603588	5.59	(0.20)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify):									
i) Clearing Member	33818	0	33818	0.31	181302	0	181302	1.68	1.37
ii) Non Resident Indian	12647	21000	33647	0.31	16202	21000	37202	0.34	0.03
iii) IEPF	58500	0	58500	0.54	58500	0	58500	0.54	0
iv) HUF	122643	0	122643	1.14	113905	0	113905	1.06	(0.08)
<b>SUB TOTAL (B)(2):</b>	<b>2757672</b>	<b>148592</b>	<b>2906264</b>	<b>26.94</b>	<b>2762412</b>	<b>143852</b>	<b>2906264</b>	<b>26.94</b>	<b>0</b>
<b>Total Public Shareholding</b>									
<b>(B)= (B)(1)+(B)(2)</b>	<b>2757672</b>	<b>148592</b>	<b>2906264</b>	<b>26.94</b>	<b>2762412</b>	<b>143852</b>	<b>2906264</b>	<b>26.94</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>10639418</b>	<b>148592</b>	<b>10788010</b>	<b>100</b>	<b>10644158</b>	<b>143852</b>	<b>10788010</b>	<b>100</b>	<b>0</b>

## ii. Shareholding of Promoters (including the Promoter Group)

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1.	Usha Gupta	2235400	20.72	0	2235400	20.72	0	0
2.	R.L.Gupta (HUF)	1238250	11.48	0	1238250	11.48	0	0
3.	Raghunandanlal Gupta	888080	8.23	0	888080	8.23	0	0
4.	Akar Alloys Pvt. Ltd	858796	7.96	0	858796	7.96	0	0
5.	Shatrunji Investment Pvt. Ltd	392200	3.64	0	392200	3.64	0	0
6.	Lavanaya Finvest Pvt. Ltd.	320000	2.97	0	320000	2.97	0	0
7.	Aurangabad Forging Pvt. Ltd.	251200	2.33	0	251200	2.33	0	0
8.	Gupta Con-Cast Ltd.	199920	1.85	0	199920	1.85	0	0
9.	Narendrakumar Raghunandanlal Gupta	789700	7.31	0	789700	7.31	0	0
10.	Sushila Devi Gupta	36200	0.34	0	36200	0.34	0	0
11.	Nitin Narendrakumar Gupta	634400	5.88	0	634400	5.88	0	0
12.	Sant Eknath Rolling Mills Pvt. Ltd	28400	0.26	0	28400	0.26	0	0
13.	Kathiawad Investment Pvt. Ltd	9200	0.09	0	9200	0.09	0	0
	<b>Total</b>	<b>7881746</b>	<b>73.06</b>	<b>0</b>	<b>7881746</b>	<b>73.06</b>	<b>0</b>	<b>0</b>

### iii. Change in Promoters' Shareholding (including the Promoter Group)

Sr. No.	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	At the beginning of the year	7881746	73.06		
2.	Date wise increase/decrease in promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)*	There is no change in Promoters Shareholding			
3.	At the end of the year			7881746	73.06

### iv. Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No & Name of the Shareholder	Particulars	Shareholding at the beginning of the year		Date of event	Increase / Decrease in Shares	Reason for change	Cumulative Shareholding during the year	
		No. of Share	% of total shares of the Company				No of shares	% of total shares of the company
1. KARVY STOCK BROKING LIMITED	At the beginning of the year	205255	1.90	01/04/19			205255	1.91
	Changes during the year			12/04/19	500	Buy	205755	1.91
				28/06/19	50	Buy	205805	1.91
				05/07/19	-50	Sell	205755	1.91
				16/08/19	200	Buy	205955	1.91
				23/08/19	-700	Sell	205255	1.90
				01/11/19	200	Buy	205455	1.90
				08/11/19	-200	Sell	205255	1.90
				10/01/20	-32407	Sell	172848	1.60
	At the end of the year			31/03/20			172848	1.60
2. Tanvi Jignesh Mehta	At the beginning of the year	156269	1.45	01/04/19			156269	1.45
	Changes during the year			05/04/19	-700	Sell	155569	1.44
				19/04/19	-500	Sell	155069	1.44
				17/01/20	-632	Sell	154437	1.43
		At the end of the year			31/03/20			154437
3. Varun Gupta	At the beginning of the year	110000	1.02	01/04/19			110000	1.02
	Changes during the year							
				31/03/20			110000	1.02



Sr. No & Name of the Shareholder	Particulars	Shareholding at the beginning of the year		Date of event	Increase / Decrease in Shares	Reason for change	Cumulative Shareholding during the year	
		No. of Share	% of total shares of the Company				No of shares	% of total shares of the company
4. Sangeetha S	At the beginning of the year	108680	1.01	01/04/19			108680	1.01
	Changes during the year							
	At the end of the year			31/03/20			108680	1.01
5. Tradelink Exim India Pvt. Ltd.	At the beginning of the year	95750	0.89	01/04/19			95750	0.89
	Changes during the year							
	At the end of the year			31/03/20			95750	0.89
6. Mahendra Girdharilal	At the beginning of the year	89332	0.83	01/04/19			89332	0.83
	Changes during the year							
	At the end of the year			31/03/20			89332	0.83
7. Rahul Nareshbhai Shah	At the beginning of the year	56963	0.53	01/04/19			56963	0.53
	Changes during the year			19/07/19	-201	Sell	56762	0.53
				26/07/19	-2000	Sell	54762	0.51
				02/08/19	-2000	Sell	52762	0.49
				09/08/19	-2000	Sell	50762	0.47
				16/08/19	-4000	Sell	46762	0.43
				30/08/19	-2000	Sell	44762	0.41
				20/09/19	-2000	Sell	42762	0.40
				25/09/19	-2000	Sell	40762	0.38
				08/11/19	-1000	Sell	39762	0.37
				22/11/19	-1629	Sell	38133	0.35
				24/01/20	-1200	Sell	36933	0.34
				31/01/20	-200	Sell	36733	0.34
	At the end of the year			31/03/20			36733	0.34
8. Anantroop Financial Advisory Services Pvt. Ltd.	At the beginning of the year	50000	0.46	01/04/19			50000	0.46
	Changes during the year							
	At the end of the year			31/03/20			50000	0.46
9. Champion Insurance Services Pvt. Ltd.	At the beginning of the year	0	0	01/04/19			0	0.00
	Changes during the year			10/01/20	32357	Buy	32357	0.30
	At the end of the year			31/03/20			32357	0.30

Sr. No & Name of the Shareholder	Particulars	Shareholding at the beginning of the year		Date of event	Increase / Decrease in Shares	Reason for change	Cumulative Shareholding during the year	
		No. of Share	% of total shares of the Company				No of shares	% of total shares of the company
10. Aamara Capital Pvt. Ltd.	At the beginning of the year	29922	0.28	01/04/19			29922	0.28
	Changes during the year				4593	Buy	34515	0.32
					-12377	Sell	22138	0.21
					-197	Sell	21941	0.20
	At the end of the year			31/03/20			21941	0.20

#### v. Shareholding of Directors & KMP

Sr. No.	R.L. GUPTA Non- Executive Director	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	888080	8.23		
2.	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)*	There is no change in Shareholding			
3.	At the end of the year			888080	8.23

Sr. No.	N. K. GUPTA Non-Executive Director	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	789700	1.75		
2.	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)*	There is no change in Shareholding			
3.	At the end of the year			789700	1.75

Sr. No.	Sunil Todi Managing Director	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	40	0.00		
2.	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)*	There is no change in Shareholding			
3.	At the end of the year			40	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5056.81	1547.75	0.00	6604.55
ii) Interest due but not paid	0.00	30.75	0.00	30.75
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>5056.81</b>	<b>1578.50</b>	<b>0.00</b>	<b>6635.30</b>
Changes in Indebtedness during the financial year				
Addition	130.00	550.00	0.00	680.00
Reduction	(154.02)	(541.71)	0.00	(695.73)
<b>Net Change</b>	<b>(24.02)</b>	<b>8.29</b>	<b>0.00</b>	<b>(15.73)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	5032.79	1511.04	0.00	6543.83
ii) Interest due but not paid	0.00	75.75	0.00	75.75
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>5032.79</b>	<b>1586.79</b>	<b>0.00</b>	<b>6619.58</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Executive Director & Key Managerial Personnel

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel			
		Sunil Todi Managing Director	P.M. Nijampurkar Whole-time Director	Vinay Joshi CFO*	Mitesh Gadhiya Company Secretary
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	38.68	10.32	23.20	13.01
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	13.30	2.85	1.23	0.68
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total Gross Salary</b>	<b>51.98</b>	<b>13.17</b>	<b>24.43</b>	<b>13.69</b>
<b>Ceiling as per the Act: ₹ 168 Lakhs as per Section II of Part II of Schedule V of the Companies Act, 2013</b>					

#### Note:

\* Mr. Vinay Joshi resigned as Chief Financial Officer of the Company with effect from 11th January, 2020.

## B. Remuneration to other directors:

The details of sitting fees paid to Independent Directors during the financial year 2019-20 for attending the meetings are as follows:

(₹ in Lakhs)

Particulars of Remuneration Independent Directors	Name of the Directors						Total
	V K Chopra	S N Shukla	B R Galgali	Bhavna Saboo	Anil Gupta	Ulhas Gaoli	
Fees for attending Board Meetings	0.60	0.60	1.20	1.20	0.60	0.60	4.80
Fees for attending Audit Committee meetings	0.30	0.30	0.60	0.30	-	--	1.50
Fees for Nomination & Remuneration Committee meetings	0.30	0.30	0.60	0.30	-	-	1.50
Fees for attending Annual General Meeting	0.15	0.15	0.15	0.15	-	-	0.60
Fees for attending CSR Committee meeting	-	-	-	0.15	-	-	0.15
<b>Total</b>	<b>1.35</b>	<b>1.35</b>	<b>2.55</b>	<b>2.10</b>	<b>0.60</b>	<b>0.60</b>	<b>8.55</b>

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY, DIRECTORS AND OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

During the year 2019-20, there were no penalties/punishment/compounding of offences under the Companies Act 2013.

Company had filed applications for compounding of offences in the financial year 2017-18 for violation of certain provisions of Companies Act, 1956/2013. The matter is in process. Order has not been passed in this matter as on the date of this report.

**For and on Behalf of Board**

**Sd/-**

**R.L.Gupta**

(Chairman)

DIN:00061861

Date: 29th August 2020

Place: Aurangabad

# ANNEXURE - V

## CORPORATE GOVERNANCE REPORT

(Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Akar Auto Industries Limited is as under:**

### I. PHILOSOPHY ON CODE OF GOVERNANCE

Akar Auto Industries Limited (hereinafter referred to as 'Akar' or 'Company'), believes that Corporate Governance is an essential element of business, which helps the Company to fulfil its responsibilities to all its stakeholders. Akar is committed to adopting global best practices in Governance and Disclosure. Akar believes that highest standards of Corporate Governance are essential to enhance long term value of the Company for its stakeholders and practice the same at all levels of the organization. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the traits of your Company's Corporate Governance. Good Governance practices stem from the culture and mind-set of the organization. Your Company considers fair and transparent Corporate Governance as one of its core management tenets. Your Company follows the best governance practices with highest integrity, transparency and accountability.

### II. BOARD OF DIRECTORS'

#### Composition of Board:

As on 31st March 2020, the Board of your company consists of Eight directors comprising of Two Executive Directors, Two Non-Executive Non-Independent Directors and Four Non-Executive Independent Directors (including one Women Director) of which, Mr. R L Gupta, Chairman is Non-Executive Promoter Director of the Company. The composition of the Board as on 31st March 2020 is in conformity with Listing Regulations 2015 having specified combination of Executive and Non-Executive Directors.

#### Classification of Board

Category	No. of Directors	% of Total No. of Directors
Executive Directors	2	25%
Non-Executive Independent Directors (including Woman Director)	4	50%
Other Non-Executive Directors	2	25%
<b>Total</b>	<b>8</b>	<b>100%</b>

#### Non-Executive Directors' Compensation and Disclosures:

During the period under review, Non-Executive Directors are not paid any compensation other than sitting fees paid to Non-Executive Independent Directors for attending meetings.

#### Number of Board Meetings:

During the Financial year 2019-20, the Board of Directors met 4 times on- 29th May, 2019, 13th August 2019, 14th November 2019 and 14th February 2020.

The maximum gap between any two meetings was less than one hundred and twenty days, as stipulated under Listing Regulations and Secretarial Standards.

Apart from Mr. R L Gupta and Mr. N K Gupta, who are Father (R L Gupta) and Son (N K Gupta), none of the Directors of the Company are related to each other.

### Directors Attendance Record and Their Other Directorships / Committee Memberships:

As required under the Listing Regulations, none of the Director is a member of more than Ten Board level Committees or Chairman of more than Five Committees across companies in which he/she is a Director. Relevant details of the Board as on 31st March 2020 are given below:

Name of Director	Category	Attendance of No. of meetings held during the year		Attendance of last AGM	No. of other Directorship/Committee Membership / Chairmanship held in Board Committees*		
		Meetings held During their Office of Directorship	Attended		No. of Other Directorship	Committee Membership	Chairmanship held in Board Committees
Mr. R L Gupta	Chairman, PD, NED	4	1	NO	2	-	-
Mr. N K Gupta	PD, NED	4	3	NO	2	1	-
Mr. Sunil Todi	MD, ED	4	4	YES	1	2	-
Mr. P.M. Nijampurkar	ED	4	2	YES	1	1	-
Mr. V K Chopra	ID	2	2	YES	1	1	1
Mr. S N Shukla	ID	2	2	YES	-	1	-
Mr. B R Galgali	ID	4	4	YES	-	1	-
Mrs. Bhavna Saboo	ID	4	4	YES	-	2	2
Mr. Anil Kumar Gupta	ID	2	2	NO	1	2	-
Mr. Ulhas Gaoli	ID	2	2	NO	-	-	-

# PD- Promoter Director; MD- Managing Director; ED- Executive Director; NED- Non Executive Director; ID- Non-Executive Independent Director

\* 1. For this purpose, private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded.

2. For this purpose, Two Committees viz. Audit Committee and Stakeholders Relationship Committee are considered.

### Other Listed Entities where the Directors of the Company holds Directorship:

Mr. Anil Kumar Gupta, is Non-Executive, Non-Independent Director of Shivam Autotech Limited. None of the other Directors of the Company hold directorship in any other listed entity.

### Details of Familiarisation Programmes imparted to Independent Directors:

The details of the familiarisation programmes imparted to Independent Directors is available on the website of the Company 'www.akartoolsLtd.com' under the head 'Board of Directors' under 'Familiarization Programme'.

### Opinion of the Board for Independent Directors:

The Board hereby confirms that, in its opinion, the independent directors on the Board fulfil the conditions specified in the SEBI Listing Regulations and Companies Act, 2013 and are independent of the management.

## Directors Shareholding

The details of the shares held by the Directors of the Company as on 31st March 2020 are as follows:

Name of Director	Category	No. of shares held	% of the shares held
Mr. R L Gupta	Chairman PD, NED	8,88,080	8.23%
Mr. N K Gupta	PD, NED	7,89,700	7.32%
Mr. Sunil Todi	MD, ED	40	0.00%
Mr. P M Nijampurkar	ED	0	0.00%
Mr. V K Chopra	ID	0	0.00%
Mr. S N Shukla	ID	0	0.00%
Mr. B R Galgali	ID	0	0.00%
Mrs. Bhavna Saboo	ID	0	0.00%
Mr. Anil Kumar Gupta	ID	0	0.00%
Mr. Ulhas Gaoli	ID	0	0.00%
<b>Total</b>		<b>16,77,820</b>	<b>15.55%</b>

# PD- Promoter Director; MD- Managing Director; ED- Executive Director; NED- Non Executive Director; ID- Non-Executive Independent Director

### Separate Meeting of the Independent Directors:

Pursuant to Para VII (1) of Schedule IV to the Companies Act, 2013, Independent Directors are required to hold at least one meeting in a financial year without the attendance of Non-independent Directors.

The Ministry of Corporate Affairs, vide its circular number 11, 2020 dated 24th March, 2020, stated that, considering the Corona (COVID 19) pandemic situation in the country, if the Independent Directors of a company could not hold such separate meeting in the financial year 2019-20, then, the same shall not be considered as violation.

The Independent Directors of the Company could not hold a separate meeting, without the attendance of Non-independent Directors in the financial year 2019-20, owing to the Corona (COVID 19) pandemic situation.

The following matters were, inter-alia, discussed and reviewed by the Independent Directors, through an audio conference phone call, on 28th March, 2020:

- Performance of Non-Independent Directors and the Board of Directors as a whole.
- Performance of the Chairman of the Company taking into consideration the views of Executive and Non-Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Code of Conduct:

The code of conduct for all Board Members and Senior Management has been laid down by the Company and is available on the website of the company. All the Board Members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with the applicable code of conduct.

### Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board as a whole, Chairman and the Non-Independent Directors was carried out by the Independent Directors. This exercise was carried out in accordance with the Nomination & Remuneration Policy framed by the Company within the framework of applicable laws. The Board carried out an annual evaluation of its own performance, as well as the evaluation of the working of its committees and individual Directors, including Chairman of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The evaluation process was reviewed in the light of the guidance note issued by the Securities and Exchange Board of India on Board evaluation dated January 5, 2017 and aligned in accordance with the requirements specified therein. While evaluating the performance and effectiveness of the Board,

various aspects of the Board's functioning such as adequacy of the composition and quality of the Board, time devoted by the Board to Company's long-term strategic issues, quality and transparency of Board discussions, execution and performance of specific duties, obligations and governance were taken into consideration. Committee performance was evaluated on the basis of their effectiveness in carrying out respective mandates, composition, effectiveness of the committees, structure of the committees and meetings, independence of the committee from the Board, contribution to decisions of the Board. A separate exercise was carried out to evaluate the performance of Independent Directors, who were evaluated on parameters such as level of engagement and contribution to Board deliberations, independence of judgement, safeguarding the interest of the Company and focus on creation of shareholders value, ability to guide the Company in key matters, attendance at meetings etc. The Directors expressed their satisfaction with the evaluation process.

### **Core Skill/ Expertise/ Competencies, identified by the Board of Directors:**

As stipulated under Schedule V of the SEBI Listing Regulations, core skills/ expertise/ competencies, as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

Chart/Matrix of such core skills/expertise/competencies is as follows:

<b>Sr. No.</b>	<b>Core Skills/Expertise/Competencies</b>
1	Management and Strategy
2	Global Business Leadership
3	Operations and Engineering
4	Commercial, Purchase and Supply Chain
5	Manufacturing, Auto components and Hand Tools Engineering and Project Management
6	Information Technology, Systems and Computers
7	Human Resources and Industrial Relations
8	Sales, Marketing and International Business
9	Research and Development
10	Infrastructure and Real Estate
11	Finance and Taxation
12	Banking, Investment and Treasury and Forex Management
13	Insurance, Mutual Fund and Financial Services
14	Audit and Risk Management
15	Law
16	Corporate Governance and Ethics
17	Economics and Statistics
18	Regulatory, Government and Security matters
19	Academics, Education, Authorship
20	CSR and Sustainability matters

### **III. COMMITTEES OF THE BOARD**

The Company has Four Board level Committees:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Corporate Social Responsibility (CSR) Committee



## **A. AUDIT COMMITTEE**

### **Terms of Reference:**

The terms of reference of Audit Committee includes the following:

Reviewing with the management, the annual financial statements before submissions to the Board for approval, focusing primarily on-

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 217 (2AA) of Companies Act, 1956 / Section 134 (3) (c) of Companies Act, 2013.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Qualifications in draft audit report.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with accounting standards.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, the fixation of audit fees and approval of payment for any other services rendered by them.

Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, frequency of internal audit.

Discussions with internal auditors of any significant findings and follow up thereon.

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submissions to the Board for approval.

Reviewing, with the management, the statement of uses/ application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, the report submitted by the monitoring agency, and making appropriate recommendations to the Board to take up steps in this matter.

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividend) and creditors.

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

### Composition of Audit Committee:

As on 31st March 2020, the Audit Committee comprises of the following three Directors. The composition of the Committee is in conformity with the Listing Regulations:

1. Mrs. Bhavna Saboo, Independent Director (Chairperson)
2. Mr. B R Galgali, Independent Director
3. Mr. Sunil Todi, Managing Director

Mr. Mitesh Gadhiya, Company Secretary is the Secretary of the Audit Committee.

### Meetings and Attendance:

During the Financial 2019-20, the Audit Committee met 4 times on- 29th May 2019, 13th August 2019, 14th November 2019 and 14th February 2020. The requisite quorum was present during all the meetings of the Audit Committee. The time gap between any two meetings of Audit Committee was less than 120 days.

The details of attendance of Audit Committee meetings are as under:

Name of Member	Category*	Status	No. of Meetings held during the year	No. of Meetings attended during the year
Mr. V K Chopra	ID	Chairperson (upto 31st August, 2019)	4	2
Mrs. Bhavna Saboo	ID	Chairperson (w.e.f. 1st September, 2019)	4	2
Mr. S N Shukla	ID	Member (upto 31st August, 2019)	4	2
Mr. B R Galgali	ID	Member	4	4
Mr. Sunil Todi	MD, ED	Member	4	4

\* ID- Non-Executive Independent Director; MD- Managing Director; ED- Executive Director.

Chief Financial Officer of the Company assists the Committee on financial concerns of the Company. The Chairman of the Committee briefs the Board members about the significant discussions at Audit Committee Meetings. All the members of the Audit Committee have accounting and financial management expertise. Chairman of the Audit Committee, Mrs. Bhavna Saboo was present at the Thirtieth Annual General Meeting, held on 25th Sept. 2019, to answer the shareholders' queries.

## B. NOMINATION AND REMUNERATION COMMITTEE

### Terms of Reference:

The terms of reference of Nomination and Remuneration Committee includes the following:

Determine the Company's policy on specific remuneration package for Managing Director / Whole-time Directors including pension rights.

Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Whole-time Directors.

Decide the amount of Commission payable to the Whole time Directors.

Review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.

To review the overall compensation policy, service agreements and other employment conditions to Executive Directors and senior executives just below the Board of Directors and make appropriate recommendations to the Board of Directors;

To review the overall compensation policy for Non-Executive Directors and Independent Directors and make appropriate recommendations to the Board of Directors;

To make recommendations to the Board of Directors on the increments in the remuneration of the Directors;

To assist the Board in developing and evaluating potential candidates for senior executive positions and to oversee the development of executive succession plans;

To review and approve on annual basis the corporate goals and objectives with respect to compensation for the senior executives and make appropriate recommendations to the Board of Directors;

To review and make appropriate recommendations to the Board of Directors on an annual basis the evaluation process and compensation structure for the Company's officers just below the level of the Board of Directors;

To provide oversight of the management's decisions concerning the performance and compensation of other officers of the Company;

### **Composition of Nomination and Remuneration Committee:**

As on 31st March 2020, the Nomination and Remuneration Committee comprises of the following three Directors:

1. Mr. B R Galgai, Independent Director (Chairperson)
2. Mrs. Bhavna Saboo, Independent Director
3. Mr. N K Gupta, Non-Executive Director

Mr. Mitesh Gadhiya, Company Secretary is the Secretary of the Nomination and Remuneration Committee.

### **Meetings and Attendance:**

During the Financial 2019-20, the Nomination and Remuneration Committee met 4 times on-, 29th May 2019, 13th August 2019, 14th November 2019 and 14th February 2020. The requisite quorum was present during all the meetings of the Nomination and Remuneration Committee.

The details of attendance of Nomination and Remuneration Committee meetings are as under:

<b>Name of Member</b>	<b>Category*</b>	<b>Status</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings attended during the year</b>
Mr. S N Shukla	ID	Chairperson (upto 31st August, 2019)	4	2
Mr. B R Galgali	ID	Chairperson (w.e.f. 1st September, 2019)	4	4
Mr. V K Chopra	ID	Member (upto 31st August, 2019)	4	2
Mrs. Bhavna Saboo	ID	Member (w.e.f. 1st September, 2019)	4	2
Mr. N K Gupta	PD, NED	Member	4	3

\* ID- Non-Executive Independent Director; PD- Promoter Director; NED- Non Executive Director

The roles and responsibilities of the Committee are in accordance with the requirements as specified in the Listing Regulations, Companies Act, 2013. The same can be viewed at the website of the Company [www.akartoolsld.com](http://www.akartoolsld.com) under the tab 'Policies'.

Chairman of the Nomination and Remuneration Committee, Mr. B R Galgali was present at the Thirtieth Annual General Meeting, held on 25th September, 2019.

### **Criteria for Performance Evaluation for Independent Directors:**

The criteria for performance evaluation for Independent Directors is uploaded on the website of the Company 'www.akartoolsld.com' under the head 'Policies' under 'Nomination and Remuneration Policy'.

## C. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Terms of Reference:

The terms of reference and the ambit of powers of Stakeholders Relationship Committee are as per Regulation 20 and Part-D of Schedule II of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013, and allied rules as may be notified from time to time.

### Composition of Stakeholders Relationship Committee:

As on 31st March 2020, the Stakeholders Relationship Committee comprises of the following four Directors:

1. Mrs. Bhavna Saboo, Independent Director (Chairperson)
2. Mr. N K Gupta, Non-Executive Director
3. Mr. Sunil Todi, Managing Director
4. Mr. P M Nijampurkar, Executive Director

Mr. Mitesh Gadhiya, Company Secretary is the Secretary of the Stakeholders Relationship Committee.

### Meetings and Attendance:

During the Financial 2019-20, the Stakeholders Relationship Committee met once on 14th November, 2019. The requisite quorum was present during the meeting of the Stakeholders Relationship Committee.

The details of attendance of Stakeholders Relationship Committee meeting is as under:

Name of Member	Category*	Status	No. of Meetings held during the year	No. of Meetings attended during the year
Mrs. Bhavna Saboo	ID	Chairperson	1	1
Mr. N K Gupta	PD, NED	Member	1	1
Mr. Sunil Todi	MD, ED	Member	1	1
Mr. P M Nijampurkar	ED	Member	1	1

\* PD- Promoter Director; MD- Managing Director; ED- Executive Director; NED- Non-Executive Director; ID- Non-Executive Independent Director

The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee specifically looks into redressing shareholders'/ investors' complaints/ grievances pertaining to share transfers, non-receipts of annual reports, non- receipt of dividend and other allied complaints.

The Committee performs the following functions:

1. Transfer/ transmission of shares.
2. Split up/ sub-division and consolidation of shares.
3. Dematerialization/ rematerialization of shares.
4. Issue of new and duplicate share certificates.
5. Registration of Power of Attorneys, Probate, Letters of transmission or similar other documents.
6. To open/ close bank account(s) of the Company for depositing share/ debenture applications, allotment and call monies, authorize operation of such account(s) and issue instructions to the Bank from time to time in this regard.
7. To look into redressal of shareholders' and investors' complaints like transfer of shares, non- receipt of annual report, non- receipt of declared dividends, etc.
8. Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

### Investor Grievance Redressal:

During the financial year 2019-20, three complaints were received and replied to the satisfaction of the shareholders. There were no complaints outstanding as on 31st March, 2020. There were no share transfer requests pending as on 31st March, 2020.

## D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In accordance with provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a Corporate Social Responsibility (CSR) Committee at the Board Level, to formulate and recommend the CSR activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and to recommend the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the company from time to time.

### Terms of Reference:

The terms of reference of CSR Committee includes the following:

Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval.

Recommend CSR activities as stated under Schedule VII of the Act.

Approve to undertake CSR activities, if necessary, in collaboration with other Companies/firms/NGOs etc., and to separately report the same in line with the CSR Rules.

Recommend the CSR Budget.

Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.

Create transparent monitoring mechanism for implementation of CSR initiatives in India.

Submit the Reports to the Board in respect of the CSR activities undertaken by the Company.

Monitor CSR Policy from time to time.

Authorize executives of the Company to attend the CSR Committee Meetings, if necessary.

### Composition of CSR Committee:

As on 31st March 2020, the CSR Committee comprises of the following three Directors:

1. Mr. N K Gupta, Independent Director (Chairperson)
2. Mr. Sunil Todi, Managing Director
3. Mrs. Bhavna Saboo, Independent Director

### Meetings and Attendance:

During the Financial 2019-20, the CSR Committee met 2 times on- 14th November 2019 and 14th February 2020. The requisite quorum was present during all the meetings of the CSR Committee.

The details of attendance of CSR Committee meetings are as under:

Name of Member	Category*	Status	No. of Meetings held during the year	No. of Meetings attended during the year
Mr. N K Gupta	PD, NED	Chairperson (w.e.f. 13th August, 2019)	2	1
Mr. Sunil Todi	MD, ED	Member (w.e.f. 13th August, 2019)	2	2
Mrs. Bhavna Saboo	ID	Member (w.e.f. 13th August, 2019)	2	2

\* ID- Non-Executive Independent Director; PD- Promoter Director; NED- Non Executive Director

The company has formulated the CSR Policy in line with Schedule VII of the Companies Act, 2013, which is available on the website of the Company at the web link <https://www.akartoolsld.com/investor/policies.html>

#### IV. GENERAL BODY MEETINGS

Location, time & date, regarding three immediately preceding Annual General Meetings of the company are given below;

Year	Date	Venue	Time	Whether any Special resolution passed in the AGM
2018-19	25/09/2019	Y.Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai	11.30 A.M	Yes
2017-18	28/09/2018	Y.Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai	11.30 A.M	Yes
2016-17	22/09/2017	Y.Y.B. Chavan Centre, General Jagannath Bhosle Marg, Opp. Mantralaya, Nariman Point, Mumbai	11.00 A.M	Yes

- The following special resolution was taken up in the last AGM dated 25th September 2019 and were passed with requisite majority:  
Approval for issue of Redeemable Non-Convertible Debentures.
- For passing the above mentioned special resolution, e-voting facility was provided to the members.
- During the financial year 2019-20, no special resolution was passed through postal ballot. Also, no special resolution is proposed to be conducted through postal ballot.

#### V. SUBSIDIARY COMPANIES

Company doesn't have any subsidiary company or associate company in terms of definition mentioned under Companies Act, 2013.

#### VI. DISCLOSURES

##### Related Party Transactions:

Summary of related party transactions were placed before audit committee for their review from time to time. No transactions were entered into with the related parties at a price other than arm's length price or other than in ordinary course of business. The related party disclosures as per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, are as mentioned in Note No. 33 of Notes to Accounts in the Annual Report and may be referred for further details.

The policy on materiality of related party transactions and also on dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the web-site of the Company "www.akartoolsLtd.com" under the tab "Policies".

##### Accounting Treatment:

The Company has followed prescribed Accounting Standards as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

##### Risk Management:

The Company has a well defined risk management policy in place and Company follows balanced risk to return strategy. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company. Till date, Company has not entered into transaction which has material effect on company's financial position.

## Remuneration of Directors:

The details of remuneration paid to the Directors are as follows:

### 1. Remuneration paid to Executive Directors for the Financial Year 2019-20

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel	
		Sunil Todi Managing Director	P. M. Nijampurkar Whole-time Director
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	38.68	10.32
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	13.30	2.85
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
5.	Others, please specify	Nil	Nil
	<b>Total</b>	<b>51.98</b>	<b>13.17</b>

### 2. Sitting Fees paid to Non-Executive Independent Directors during the Financial Year 2019-20

(₹ in Lakhs)

Particulars of Remuneration Independent Directors	Name of the Directors						Total
	V K Chopra	S N Shukla	B R Galgali	Bhavna Saboo	Anil Gupta	Ulhas Gaoli	
Fees for attending Board Meetings	0.60	0.60	1.20	1.20	0.60	0.60	4.80
Fees for attending Audit Committee meetings	0.30	0.30	0.60	0.30	-	--	1.50
Fees for Nomination & Remuneration Committee meetings	0.30	0.30	0.60	0.30	-	-	1.50
Fees for attending Annual General Meeting	0.15	0.15	0.15	0.15	-	-	0.60
Fees for attending CSR Committee meeting	-	-	-	0.15	-	-	0.15
<b>Total</b>	<b>1.35</b>	<b>1.35</b>	<b>2.55</b>	<b>2.10</b>	<b>0.60</b>	<b>0.60</b>	<b>8.55</b>

Apart from the payment of sitting fees to the Non-Executive Independent Directors, as mentioned above, no other remuneration was paid to the Non-Executive Directors during the period under review.

## Management Discussion and Analysis:

A detailed report on the Management Discussion and analysis is annexed as ANNEXURE VI of the Board's Report.

## Details of Non-Compliance by the Company:

No penalties were imposed on the Company, during last three years, by any Statutory Authority on any matter related to Capital Market.

**Code of Prevention of Insider Trading:**

The Company has formulated a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Whistle Blower Policy / Vigil Mechanism:**

The Company has established a system through which Directors, employees, business associates may report unethical behaviour, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear of reprisal. The Company has set up a Vigil (Whistle Blower) Mechanism, under which all directors, employees, business associates have direct access to the Chairman of the Audit Committee for this purpose. The Audit Committee periodically reviews the existence and functioning of the mechanism.

**Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has implemented all mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below.

**i. The Board**

A non-executive Chairman heads the Board.

Independent Directors possess the requisite qualification and experience to contribute effectively to the company in their capacity as independent director.

**ii. Shareholder rights**

The Quarterly results of the company are uploaded on the website of the Company. These are not sent individually to the shareholders.

**iii. Separate posts of Chairman and CEO**

Mr. R L Gupta is the Non-Executive Director cum Chairman of the Company. Mr. Sunil Todi is the Managing Director of the Company. The Company does not have a CEO.

**Prevention of Sexual Harassment Policy:**

The Company is committed to provide a protective environment at workplace for all its women employees. To ensure that every woman employee is treated with dignity and respect and as mandated under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" the Company has in place a formal policy for prevention of sexual harassment of its women employees.

**Statutory Auditors:**

M/s. Jaju and Kabra, Chartered Accountants, Aurangabad, are the statutory auditors of the Company. Total fees payable by the Company to the auditors for the financial year 2019-20 is ₹ 2.47 Lakhs (excluding GST).

**Compliance Certificate on Corporate Governance:**

The Company has obtained the certificate from M/s. Nitn S. Sharma & Associates, Practicing Company Secretary, regarding compliance with the provisions relating to corporate governance as laid down in Part C of Schedule V to the SEBI Listing Regulations. This certificate is annexed to the Directors' Report and marked as ANNEXURE VIII.

**Transfer of unclaimed shares to IEPF:**

In accordance with the provisions contained in clause 5A of the erstwhile Listing Agreement (now corresponding to regulation 39(4) of the SEBI Listing Regulations) as amended by SEBI vide circular dated 16 December 2010, the Company had sent reminders to such shareholders whose shares were lying 'undelivered/unclaimed' with the Company. After completing the necessary formalities, 58500 shares held by 375 shareholders were transferred IEPF Account. Voting rights on such shares are to remain frozen till the rightful owner claims the shares.



## VII. MEANS OF COMMUNICATION

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and approved by the Board; and thereafter regularly published in the prominent newspapers in English and Marathi Language as required. Quarterly and annual financial statements and other information are posted on our website: [www.akartoolsltd.com](http://www.akartoolsltd.com). Further, all other price sensitive and other information is sent to the Stock Exchange where shares of the Company are listed, enabling them to display the same on their website.

## VIII. GENERAL SHAREHOLDERS INFORMATION

### (i) Date, time and venue of Annual General Meeting:

Tuesday, 29th September 2020 at 11.30 am through video conferencing ('VC') / other audio visual means ('OAVM').

### (ii) Financial year of the Company:

1st April 2019 to 31st March 2020

### (iii) Book Closure Date:

19th September 2020 to 25th September 2020 (both days inclusive)

### (iv) Proposed Dividend and Dividend Payment Date:

As there is no profit in FY 2019-20, therefore the Board of Directors has not recommended dividend for the period under review.

### (v) Listing on Stock Exchanges:

Your Company is listed on Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400023 having Stock Exchange code "A-1"

GROUP INDEX: X

SCRIP ID: AAIL

SCRIP CODE: 530621

ISIN CODE: INE864E01021

### (vi) Market Price Data: High. Low during each month in last financial year:

Following is the Monthly High-Low Trading price in each month in last financial year:

Month	Open	High	Low	Close
April 2019	38.25	44.90	31.25	31.70
May 2019	32.10	36.80	30.00	34.05
June 2019	33.60	35.20	28.00	30.90
July 2019	30.00	30.95	20.55	22.65
August 2019	20.80	23.65	16.00	18.80
September 2019	18.50	25.00	18.15	21.90
October 2019	22.95	22.95	17.20	22.35
November 2019	23.50	23.70	18.10	19.00
December 2019	18.85	21.95	17.10	19.55
January 2020	20.50	28.80	18.60	22.60
February 2020	21.20	25.45	18.45	20.30
March 2020	21.45	21.45	9.70	15.65

**(vii) Performance of Company's stock during last financial year i.e. 1st April 2019 to 31st March 2020:**



**(viii) Registrar and Transfer Agents & Share Transfer System:**

Big Share Services Private Limited,  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis Apt. Marol Maroshi Road,  
Andheri East, Mumbai-400059

**(ix) Share Transfer System**

All share transfer and other communications regarding share certificates, change of address, dividends, etc should be addressed to Registrar and Transfer Agents. Stakeholders Relationship Committee is authorized to approve transfer of shares in the physical segment. The Committee has delegated authority for approving transfer and transmission of shares and other related matters to the officers of the Company. Such transfers take place on weekly basis. A summary of all the transfers/ transmissions etc. so approved by officers of the Company is placed at every Committee Meeting. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the Stock Exchanges.

**(x) Shareholding Pattern as on 31st March, 2020:**

Particulars	No. of Shares held at end of the year [As on 31-March-2020]			
	Demat	Physical	Total	% of Total Shares
<b>A. Promoters</b>				
<b>(1) Indian</b>				
a) Individual/ HUF	58,22,030	-	58,22,030	53.97%
B) Directors or Directors Relatives (other than in [a] above)	-		-	-
b) Body Corporate	20,59,716	-	20,59,716	19.09%
<b>Sub Total (A) (1)</b>	<b>78,81,746</b>	<b>-</b>	<b>78,81,746</b>	<b>73.06%</b>
<b>B. Public Shareholding</b>				
a) Indian Bodies Corp.	2,78,346	7,200	2,85,546	2.65%
b) Resident Individuals	21,09,417	1,20,392	22,29,809	20.67%
c) Non Resident Indians	16,202	21,000	37,202	0.34%
d) Clearing Members	1,81,302	-	1,81,302	1.68%
e) IEPF	58,500	-	58,500	0.54%
f) HUF	<b>1,13,905</b>	<b>-</b>	<b>1,13,905</b>	<b>1.06%</b>
<b>Total Public(B)</b>	<b>27,57,672</b>	<b>1,48,592</b>	<b>29,06,264</b>	<b>26.94%</b>
<b>Grand Total (A+B+C)</b>	<b>1,06,39,418</b>	<b>1,48,592</b>	<b>1,07,88,010</b>	<b>100.00%</b>

**(xi) Distribution of shareholding:**

No. of Equity Shares held	No of Shares	% to equity	No of Share holders	% to holders
Up to 500	394934	3.67	2377	77.76
501 to 1000	259015	2.40	319	10.44
1001 to 2000	233690	2.17	152	4.97
2001 to 3000	142446	1.32	56	1.83
3001 to 4000	157982	1.46	43	1.41
4001 to 5000	92992	0.86	20	0.65
5001 to 10000	265537	2.46	38	1.24
10001 and above	9241414	85.66	52	1.70
<b>Total</b>	<b>10788010</b>	<b>100.00</b>	<b>3178</b>	<b>100.00</b>

**(xii) Dematerialization of Shares**

As of 31st March, 2020, 98.67% of Shares are held in Demat mode, following is the detail of share held in various modes.

No. of shares held in dematerialised form in CDSL:	17,36,925	16.10%
No. of shares held in dematerialised form in NSDL:	89,07,233	82.57%
No. of shares held in physical form:	1,43,852	1.33%
<b>Total No. of shares</b>	<b>1,07,88,010</b>	<b>100.00%</b>

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

**(xiii) Reconciliation of Share Capital Audit:**

M/s Nitin S. Sharma & Associates, an Independent firm of practicing Company Secretary, carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the reconciliation of total issued and listed Capital with that of total share capital admitted / held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Company's shares are listed.

**(xiv) Compliance with Secretarial Standards:**

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company complies with the same i.e. Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2).

**(xv) Outstanding GDRs/ADRs/Warrants or any convertible instruments:**

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments during the financial year 2019-20

**(xvi) Registered Office and Correspondence Address:****Registered Office Address**

AKAR AUTO INDUSTRIES LIMITED  
304, Abhay Steel House,  
Baroda Street, Carnac Bunder  
Mumbai – 400009, Maharashtra

**Corporate Office (for correspondence)**

AKAR AUTO INDUSTRIES LIMITED  
E-5, MIDC, Waluj Area,  
Aurangabad - 431136, Maharashtra  
Ph. (0240) 6647200, Fax: (0240) 2554640  
E-mail:corporate@akartoolsLtd.com  
Website: www.akartoolsLtd.com

**(xvii) Plant Location:**

Unit I: E-5, MIDC, Waluj Area, Aurangabad – 431136, Maharashtra  
Unit II: C-5/6, MIDC, Waluj Area, Aurangabad – 431136, Maharashtra  
Unit III: Gut No. 24-25, Paithan Road, Chitegaon, Aurangabad – 431107, Maharashtra  
Unit IV: Plot No. G-45 & 46, MIDC, Chikalthana, Jalna Road, Aurangabad – 431210, Maharashtra

**(xviii) SCORES (SEBI Complaints Redressal System):**

SEBI processes investor complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

**(xix) Credit Ratings:**

The rating committee of CARE Ratings Limited has assigned a long term credit rating of CARE BB (pronounced as CARE Double B) and a short term credit rating of CARE A4 (pronounced as CARE A Four) to the line of credit facility enjoyed by the Company. The outlook on the long term and short term rating is stable.

**For and on Behalf of Board**

Date: 29th August 2020  
Place: Aurangabad

Sd/-  
**R.L.Gupta**  
(Chairman)  
DIN:00061861

# ANNEXURE - VI

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Indian economy witnessed a slowdown during FY 2019-20 and the GDP was at 4.2% as compared to 6.1% in FY 2018-19. Some of the reasons for this sluggish growth are lack of credit growth and demand in market, low growth in final consumption expenditure, decline in gross fixed capital formation and export earnings, China-America trade conflict.

According to World Bank, India's GDP growth in FY 2020-21 is projected to contract sharply by negative 3.2% which is likely to be the lowest in many decades as the impact of COVID-19 pandemic materializes.

The COVID-19 pandemic imposed fresh challenges to economy in the fourth quarter of FY 2019-20. Steps taken to contain its spread such as complete lockdown of the country brought economic activities to a standstill and impacted consumption and investment. Government along with Reserve Bank of India (RBI) has moved in a calibrated fashion to ensure conducive financial conditions and normalcy in the functioning of financial markets and institutions.

To improve the economic situation, government took measures to revamp the financial sector by increasing credit outflows by the banks and Non-Banking Financial Companies NBFCs, reducing stress in real estate sector, liberalising foreign direct investment norms, a significant cut in the corporate tax rate, easing tax rules for foreign portfolio investors and start ups and speeding up resolution process under Insolvency and Bankruptcy Code, 2016.

The other measures brought in by the Government were relaxation of CRR norms, rate cuts, granting moratorium for loans, enhancing working capital financing to assist sectors and entities which are facing liquidity constraints. The government has come up with targeted measures to ease the economic pain in various sectors and announced overall economic revival package of ₹ 20 lakh crores. In case of Micro, Small, and Medium Enterprises (MSMEs) government of India announced ₹ 3 lakhs crores Collateral Free Loans, ₹ 20,000 crores subordinate debt for stressed MSMEs, 12 months moratorium with 100% credit guarantee cover along with changes in definition of micro units turnover upto ₹ 5 crores included.

The automobile industry was hit hard in FY 2019-20 as sales fell across vehicle segments. According to data released by SIAM, in FY 2019-20, the Indian automotive industry recorded a 20.3% decline in sales as compared to a 5.9% growth in FY 2018-19. The Passenger Vehicle segment decline 17.3% in FY 2019-20 (as compared to 2.8% growth in FY 2018-19) due to weak consumer sentiment, rising cost of vehicle ownership, liquidity stress and general economic slowdown.

The Commercial Vehicle industry in India registered a 30.0% decline in FY 2019-20 as compared to 17.1% growth in FY 2018-19, as a result of sharp slowdown in the economy, subdued demand, and higher capacity arising from the new axle load norms and the transition to BSVI.

The COVID-19 pandemic has cast a long shadow over a much anticipated mild recovery in the automobile industry in FY 2020-21 post BSVI migration. Consumers have been postponing their vehicle purchase decisions owing to uncertainty surrounding the COVID-19 pandemic. Passenger Vehicles segment demand is likely to be muted as this segment is significantly impacted by economic slowdown and decline in consumers purchasing power. With the shutdown of all non-essential services accompanied by liquidity and cash crunch, the demand for Commercial Vehicles is expected to be severely impacted in the first half of FY 2020-21 and gradually improve thereafter as the GDP growth is anticipated to pick up on the back of rural recovery, normal monsoon, overall interventions from Government of India and RBI and gradual easing of lockdowns.

### IMPACT OF COVID-19 PANDEMIC:

The impact of the COVID-19 pandemic has created significant volatility in the global economy and led to reduced economic activity. There have been extraordinary actions taken by international, federal, state, and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions throughout the world, including travel bans, quarantines, "stay-at-home" orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. The pandemic has resulted, and may continue to result, in significant economic disruption that has and likely continue to adversely affect our business.

The ultimate impact of the pandemic on our business, results of operations and financial condition will depend on numerous factors and future developments, including the ultimate duration, spread, severity and repetitiveness of the outbreak; the ultimate extent and duration of its effect on the global economy and how quickly and to what extent normal economic and operating conditions resume.

Consistent with the actions taken by Indian governmental authorities, in late March 2020, our manufacturing operations were also suspended for a period of time and recently we have resumed production at all of our plants. We are implementing a number of rigorous cost control measures, such as focus on curtailing non-essential spend and rationalization of capital expenditure. The extent of COVID-19 pandemic impact on our future operations and the demand for our products will depend upon, among other things, the duration, spread, intensity and repetitiveness of the pandemic and related government responses such as required social distancing, restrictions on business operations and travel, the pace of recovery of economic activity, all of which are uncertain and difficult to predict as of now. As at March 31, 2020, the Company reviewed its business and operations to take into consideration the estimated impacts and effects of the COVID- 19 pandemic, including the estimated impact on the macroeconomic environment, the market outlook and the Company's operations.

## **OPPORTUNITIES AND THREATS:**

### **Opportunities:**

Union Minister of India announced that the government of India is set to introduce a vehicle scrappage policy, under which recycling clusters may be established near ports. In scrappage policy, recycled material will be useful for the automobile industry as it will reduce cost of manufacturing cars, buses, and trucks, increasing India's competitiveness in international markets. An incentive-based mechanism could make the scheme lucrative and encourage people to scrap their old vehicles and replace them with new ones. The upcoming scrappage policy will result in boosting demand for the automotive sector.

In the Budget 2020, the Government of India has announced to provide additional income tax deduction of ₹ 1.5 lakhs on the interest paid on the loans taken to purchase Electric Vehicles. Electric Vehicles are gaining a lot of attraction and will open up a new avenue of business for auto ancillary companies. The Company is ideally placed to take the advantage of the opportunity coming its way.

### **Threats:**

The on-going COVID-19 pandemic has added to the challenges faced by the OEMs. The challenges brought in by the COVID-19 includes disruption of supply chain management, shut down of manufacturing units, Liquidity issues, further decline in sales figures. Safety norms and personal hygiene, technology enabled working environment away from normal office boundaries are few of the new normal which would emerge from these challenging times and would change the course of business in coming times. Auto manufacturers across the globe are establishing workforce safety protocols, creating contingency plans and cash flow management, setting up quick response teams, teams to focus on supply chain assessment and risk management. Companies are maintaining stakeholder confidence and informing customers who will be impacted, including providing financial flexibility and support to the entire ecosystem of dealers, suppliers and customers.

## **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:**

The information in this regard is given in Note No. 34 of the Notes forming part of the financial statements.

### **OUTLOOK:**

Auto industry is likely to remain impacted in the short-term due to COVID-19 pandemic, encouraging recovery is seen in China. It is expected that other economies will follow a similar pattern in due course.

sales of Passenger Vehicles in India decreased by 17.3% in FY 2019-20, compared to a 2.8% growth in FY 2018-19. Whereas the sales of Commercial Vehicles decreased by 30.0% to 7,26,762 units in FY 2019-20 from 10,38,834 units in FY 2018-19 as a result of weak consumer sentiment, rising cost of vehicle ownership, liquidity stress and general economy slowdown.

Considering the measures taken by the Government of India, granting moratorium, easing of interest rates, tax benefits, etc., the Auto Industry is expected to gather a gradual momentum from the current state.

### **RISKS AND CONCERNS:**

Company has been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm Company's business, prospects, financial condition and results of operation.

Coronavirus (COVID-19), has spread in China and throughout the world, and the World Health Organisation declared the COVID-19 outbreak a pandemic in March 2020. No fully effective treatments or vaccines have been developed as of the date of this Annual Report, and such development of treatments or vaccines may take a significant amount of time. The COVID-19 pandemic and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets. Such adverse effects, along with decreased consumer spending, have led to a global economic downturn.

As a result of the COVID-19 pandemic, the Company implemented work-from-home protocols for employees who were able to work remotely and have shut down the manufacturing plants to ensure public safety and to comply with government guidelines. The shutdowns announced by the government have caused and will continue to cause disruptions in the business and negative effects on Company's cash flows, primarily because Company's operations realize less revenue during shutdowns while continuing to incur costs. As of the date of this Annual Report, the Company has resumed production at all plants.

It is difficult to estimate when economic activity will resume to normal levels. While still evolving, the COVID-19 pandemic, as well as efforts to contain it, has caused significant economic and financial disruptions around the world, including disruption to manufacturing operations, logistics and global supply chains and significant volatility and disruption of financial markets.

The Company has robust system for risk assessment and mitigation and has a risk management policy in place with well established internal controls and risk management process. Reviews are conducted constantly as per the risk management policy.

With rising inflationary pressures, increase in the price of steel and other inputs, weak global recovery, possibility of slow growth rate of Indian economy and uncertainties of overseas and external factors are the key concerns on the macroeconomic fronts which may have an impact on the Company operations in the coming years.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations and protecting assets from unauthorised use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

## **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The Company recorded net revenue from operations of ₹ 19,882.67 Lakhs in FY 2019-20, 28.43% lower than ₹27,778.88 Lakhs in FY 2018-19. The Loss Before Tax for FY 2019-20 was ₹(248.66) Lakhs for FY 2019-20 as compared to Profit Before Tax of ₹ 589.79 Lakhs for FY 2018-19. The Loss After Tax for FY 2019-20 was ₹(306.13) Lakhs for FY 2019-20 as compared to Profit After Tax of ₹521.11 Lakhs for FY 2018-19. The financial performance was impacted due to several challenges in FY 2019-20 such as general economy slowdown, liquidity issue, BS VI transmission and impact of COVID-19 pandemic towards the end of the year.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATION:**

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

## KEY FINANCIAL RATIOS, STANDALONE:

Particulars	FY 2019-2020	FY 2018-2019	Explanation
Debtors Turnover Ratio	5.76	7.40	The ratios for the financial year 2019-20 are negative as compared to financial year 2018-19, mainly due to weak consumer sentiments, rising cost of vehicle ownership, liquidity stress, general economy slowdown and impact of COVID-19 pandemic.
Inventory Turnover Ratio	2.00	3.12	
Interest coverage ratio	0.68	1.73	
Current Ratio	1.13	1.19	
Debt Equity Ratio	2.22	1.98	
Operating Profit Margin	2.60%	5.05%	
Net Profit Margin	-1.55%	1.83%	
Return on Net Worth	-10.79%	15.72%	

## CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

**For and on Behalf of Board**

Date: 29th August 2020

Place: Aurangabad

**Sd/-**

**R.L. Gupta**

(Chairman)

DIN:00061861



# ANNEXURE - VII

## ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:
3. Average Net Profit of the Company for the last three financial years: ₹ 491.03 Lakhs
4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 9.82 Lakhs

### (I) Outline of CSR Policy:

Since its foundation in 1989, Akar Auto Industries Limited (hereinafter referred as 'Company') has continuously evolved into manufacturer, exporter, importer, and trader of a high-quality array of Hand Tools, Automotive Tools, Forged components and Leaf Springs. We have expanded our business throughout the country and also export our products to countries like, USA, Germany, Europe, UK etc.

We never lose sight of our responsibility to the environment and society. Our commitments towards Corporate Social Responsibility include but is not limited to, promotion of education and healthcare, energy and climate change, and betterment of the society through respect for universal human rights and the environment, acting with integrity and accountability and operating responsibly and sustainably.

The Company's vision on Corporate Social Responsibility is – "To actively contribute to the social and economic development of the communities in which it operates. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index"

Weblink for Akar's CSR Policy: <https://www.akartoolsltd.com/investor/policies.html>

### (II) CSR Projects:

1. Gaushala (Cow Shelters) maintenance
  2. Sponsoring scholarship for providing education to the students.
2. Composition of CSR Committee:

Mr. Narendrakumar Gupta	Chairperson
Mr. Sunil Todi	Member
Mrs. Bhavna Saboo	Member

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year: ₹ 9.82 Lakhs
- (b) Amount unspent, if any: ₹ 7.32 Lakhs
- (c) Manner in which the amount spent during the financial year : Refer Table in Annexure A

6. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount:

The Company believes in following a planned model for CSR activities which are sustainable over long-term and has a direct impact on the life of the beneficiaries of such programs.

During the year, the Company had meetings with various CSR consultants of the repute to have the CSR budget of the Company fully utilized. Since it took time to identify the projects that serve and match the needs of the society at large, the Company could not spend whole budgeted allocable amount towards CSR activities, due to which, the expenditure incurred on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The Company is in the process of spending the budgeted unspent amount.

7. Responsibility Statement of the CSR Committee:

The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company, except for the fact that, the Company could not spend 2% of the average net profit of last three financial years and there was an unspent amount of ₹ 7.32 Lakhs.

## ANNEXURE A

Sl. No	CSR Project or Activity Identified	Sector which the project is covered	Project or Programs 1) Local Area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) Project or Program wise	Amount spent on Projects or Programs	Cumulative Expenditure	Amount Spent Direct or through Agency
					a. Direct Expenditure		
					b. Overheads		
1	Gaushala (Cow Shelters) maintenance	Animal Welfare	Aurangabad, Maharashtra	₹ 2.50 Lakhs	₹ 2.50 Lakhs (Direct Expenditure)	₹ 2.50 Lakhs	Direct
*2	Sponsoring scholarship for providing education to students	Promoting Education	Aurangabad, Maharashtra	₹ 7.32 Lakhs	Nil	Nil	---

\*Note: The Company is in process of spending the unspent budgeted amount for Project No. 2 mentioned above

Sd/-  
**Sunil Todi**  
Managing Director

Sd/-  
**Narendrakumar Gupta**  
Chairperson  
CSR Committee

Date: 29th August, 2020  
Place: Aurangabad

# ANNEXURE - VIII

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

**AKAR AUTO INDUSTRIES LIMITED**

(Formerly known as Akar Tools Limited)

304, Abhay Steel House,

Baroda Street, Carnac Bunder,

Mumbai - 400009

We have examined all relevant records of **AKAR AUTO INDUSTRIES LIMITED** (CIN: L29220MH1989PLC052305) having its Registered Office at 304, Abhay Steel House, Baroda Street, Carnac Bunder, Mumbai – 400009 for the purpose of certifying compliance of the conditions of Corporate Governance mentioned under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the financial year ended 31st March, 2020.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the financial year ended 31st March, 2020.

**For Nitin S. Sharma & Associates**

Company Secretaries

Sd/-

**Nitin S. Sharma**

Proprietor

Membership No. FCS8518

CP No. 9761

Aurangabad

29th August, 2020

# ANNEXURE - IX

## CERTIFICATE BY CHIEF FINANCIAL OFFICER

I, Pawan Gupta, Chief Financial Officer of Akar Auto Industries Limited (formerly known as Akar Tools Limited) certify that:

- a) I have reviewed financial statements and the Cash Flow Statement for the year 2019-20 and that to the best of my knowledge and belief:
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- d) I have indicated to the Auditors and the Audit Committee:
  - I. that there are no significant changes in internal control over financial reporting during the year;
  - II. that there are no significant changes in accounting policies during the year;
  - III. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.
- e) I affirm that I have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any).
- f) I further declare that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

Sd/-

**Pawan Gupta**

Chief Financial Officer

Akar Auto Industries Limited

Aurangabad

29th August, 2020

# Independent Auditors' Report

To  
The Members of  
**AKAR AUTO INDUSTRIES LTD.**

## REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

### Opinion.

1. We have audited the accompanying standalone financial statements of Akar Auto Industries Limited, ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information. (Herein after referred to as the "Standalone Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flow and changes in equity for the year ended on that date.

### Basis for opinion:

3. We conducted our audit of the Standalone Financial Statements in accordance with the standards on auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of these Standalone financial statements under the provisions of the Act and the Rule made there under, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the ICAI code of ethics. We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit matters:

4. Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the Standalone financial statement of the current period. These matters were addressed in the context of our audit of the Standalone financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report;

Foreign exchange fluctuation and export policies of India and other countries are considered to be Key Audit Matters. A significant portion of revenue is generated through export of products of the company. Any change in the duty structure, import and export policy has significant bearing on revenue realisation of the Company. Fluctuation in exchange rate of Indian currency has significant bearing on profitability.

### How our audit addressed the audit matter:

Our audit approach includes verification of balances outstanding (Debits and Credits); on account of foreign exchange; as at the end of the year and to assure that the same is adjusted to a value at the exchange rate that is prevailing at the close of last day of the current year.

5. SUSTAINABILITY OF BUSINESS DUE TO IMPACT OF COVID-19.

We have also been informed that the management has assessed the requirement of the implementation of business continuity plan initiated by the company due to impact of recent Covid -19 pandemic and have expressed their assurance of sustainability and growth post Covid 19.

### **Information other than the Standalone Financial Statements and Auditor's Report:**

6. The company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report including Annexures thereto. Business Responsibility Report, Corporate Governance and Share Holders' Information, but does not include the Standalone financial statements and our auditor's report there on.
7. Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### **Management's Responsibility for the standalone Financial Statements**

9. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements, that gives a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with IND AS and other accounting principles generally accepted in India, This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding of the assets of the Company; and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

11. The Board of directors is also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements:**

12. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under sec-143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and base on the audit evidence obtained, whether a material uncertainty exists related to events or commissions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Materiality is the magnitude of misstatement in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the standalone financial statements.
  - Communication with those charged with the governance.
  - We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.
  - We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

**Report on Other Legal and Regulatory Requirements:**

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, and the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; except the confirmations from debtors and creditors.
  - b. in our opinion, proper books of account 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, The statement of Profit & Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Change in Equity dealt with by this report are in agreement with the books of accounts;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended); save and except to the extent as stated in note no. 24 regarding AS 15 for employees' benefits to the standalone financial statements.

- e. on the basis of written representations received from the directors as on 31 March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
- f. with respect to the adequacy of internal financial controls over financial reporting of the Company with reference to financial statements of the company and the operative effectiveness of such controls, refer to our separate report in "Annexure 2" of this report.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31.03.2020 on its

financial position in its standalone Ind AS financial statements- refer Note 33 to the standalone Ind AS financial statements;

- ii. The Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Jaju & Kabra**  
Chartered Accountants  
(FRN 140398W)

Sd/-  
**(Rahul Jaju)**

Place: Aurangabad  
Dated: 29th June, 2020

Partner  
Membership No. 164021



# ANNEXURE I

## TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF AKAR AUTO INDUSTRIES LIMITED ON IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of accounts and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us some portions of the fixed Assets of the company have been physically verified by the company's management during the year. We are informed that no material discrepancies were noticed on such verification. We have relied upon the management's representation for the same.
- (c) Based on our audit procedure performed for the purpose of reporting the true and fair view of the standalone financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year except material in transit and stocks lying with third parties and in bonded warehouses, if any, which are verified with reference to the certification obtained and/or subsequent clearing of goods.
- (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 and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has granted unsecured loan to companies, firms and other parties covered in the register maintained under Section 189 of the Act.
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest;
  - (b) the schedule of repayment of principal and payment of interest, where applicable, has been stipulated and the repayments or receipts are regular;
  - (c) No amount is overdue, and the company has taken necessary action for recovery of the principal and interest wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, the provisions of sections 185 and 186 of the Act in respect of loans and advances given, investments made and guarantees, and securities given to parties covered under the respective sections have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended.
- (vi) The maintenance of cost record has been specified by the Central Government under Section 148 (1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund,

employees' state insurance, income tax, sales tax including Value Added Tax, wealth tax, service tax, Goods and Service Tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, to each of them respectively with the appropriate authorities. There were no arrears of undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date it became payable.

- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess, GST on account of any dispute, the amount involved and the forum where disputes are as follows :-

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Lacs)
Income Tax Act 1961	Income Tax	Chief Commissioner of Income Tax	A.Y.1999-2000	0.44
			A.Y.2000-2001	5.35
			A.Y.2001-2002	10.72
			A.Y.2002-2003	3.26
			A.Y.2003-2004	13.65
			A.Y.2004-2005	4.16
	Income Tax	Assessing officer for rectification	A.Y.2005-2006	9.99
			A.Y.2006-2007	0.50
			A.Y.2007-2008	1.81
			A.Y.2008-2009	2.63
			A.Y.2011-2012	14.38
	Income Tax	TRIBUNAL	A.Y.2010-2011	2.00
			A.Y.2014-2015	83.00
	Income Tax	Commissioner of Income Tax (Appeals)	A.Y.2016-2017	15.12
Income Tax	Deputy Commissioner of Income Tax (Appeals)	A.Y. 2017-18	47.37	
Income Tax	Assessment Order Section 143(1)	A.Y. 2018-19	31.04	
Income Tax (TCS)	Commissioner of Income Tax (Appeals)	A.Y. 2012-13 to A.Y. 2018-19	7.96*	
Income Tax (T D S)	Income Tax officer ( T D S)	A.Y.2011-2012	0.26	
		A.Y.2012-2013	0.01	
		A.Y.2013-2014	0.82	
		A.Y.2014-2015	0.14	
		A.Y.2015-2016	0.01	
		A.Y.2018-2019	1.25	
		A.Y.2019-2020	4.11	
Finance Act, 1994/ Central Goods & Service Tax Act, 2017	Service Tax	Commissioner of Appeals, Central Goods & Service Tax,(Formerly Central Excise, Customs and Service Tax)	Aug-2012 to June -2017	10.37
	Service Tax	Superintendent GST, Aurangabad	Apr-2014 to June-2017	4.66

- (viii) According to the records of the company examined by us and information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or Government during the year. The company did not have any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanation given to us the company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, and according to the information and explanation given to us, the money raised by way of term loan by the company, have, prima-facie, been applied for the purposes for which the loans were obtained.
- (x) To the best our knowledge and according to the information and explanations given to us no fraud on or by the Company or by its Officers or employees has been noticed or reported during the period covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company and accordingly, Clause 3 (xii) of the Companies (Auditor's report), Order, 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us during the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the company.
- (xiv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them therefore the provisions of Clause 3 (xv) of the Companies (Auditor's report), Order, 2016 is not applicable to the Company.
- (xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Jaju & Kabra**  
Chartered Accountants  
(FRN 140398W)

Sd/-

**(Rahul Jaju)**

Partner

Place: Aurangabad

Dated: 29th June, 2020

Membership No. 164021

## ANNEXURE "2"

### TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON FINANCIAL STATEMENTS OF AKAR AUTO INDUSTRIES LIMITED

#### **Report on the Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of AKAR AUTO INDUSTRIES LIMITED ("the Company") as of March, 31st 2020 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting, and the guidance note on internal financial controls over financial reporting (the guidance Note) issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were

established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the Standalone financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Jaju & Kabra**  
Chartered Accountants  
(FRN 140398W)

Sd/-  
**(Rahul Jaju)**

Place: Aurangabad  
Dated: 29th June, 2020

Partner  
Membership No. 164021

# Balance Sheet as at 31st March 2020

(₹ in lakh)

	Notes	31st March 2020	31st March 2019
<b>A ASSETS</b>			
<b>1 Non current assets</b>			
a. Property plant & equipment	5	4,338.07	3,876.78
b. Capital work in progress	5	-	410.60
c. Financial assets			
i) Investment	6	6.30	6.30
ii) Other financial assets	7 i	250.00	250.54
<b>Total non current assets</b>		<b>4,594.37</b>	<b>4,544.22</b>
<b>2 Current assets</b>			
a. Inventories	8	5,946.27	6,146.82
b. Financial assets			
i) Trade receivables	9	3,078.13	3,822.10
ii) Cash & cash equivalents	10	74.05	37.99
iii) Bank balances other than cash and cash equivalents	10	189.69	149.80
iv) Loans & advances	7 ii	88.85	88.85
v) Other financial assets	7 ii	347.07	381.97
c. Other current assets	11	113.68	101.51
<b>Total current assets</b>		<b>9,837.74</b>	<b>10,729.03</b>
<b>TOTAL ASSETS</b>		<b>14,432.11</b>	<b>15,273.25</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
a. Equity share capital	12	539.40	539.40
b. Other equity	13	2,317.36	2,696.96
<b>Total equity</b>		<b>2,856.76</b>	<b>3,236.36</b>
<b>2 Liabilities</b>			
<b>Non current liabilities</b>			
a. Financial liabilities			
i) Borrowings	14	2,174.16	2,398.34
b. Provision	18	279.50	254.76
c. Deferred tax liability (net)	15	446.23	385.99
<b>Total non current liabilities</b>		<b>2,899.89</b>	<b>3,039.09</b>
<b>Current liabilities</b>			
a. Financial liabilities			
i) Borrowings	14	4,162.92	4,001.19
ii) Trade payables	16	3,687.85	4,049.06
iii) Other financial liabilities	17	391.01	272.78
b. Short term provision	18	17.36	15.98
c. Current Tax liabilities	29	10.20	154.68
d. Other current liabilities	19	406.12	504.11
<b>Total current liabilities</b>		<b>8,675.46</b>	<b>8,997.80</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>14,432.11</b>	<b>15,273.25</b>
See accompanying notes to the financial statement			

As per our report of even date

## For Jaju & Kabra

Chartered Accountants  
(FRN 140398W)

Sd/-

**Rahul Jaju**

Partner

Membership No. 164021

Place: Aurangabad

Date: 29th June 2020

For and on behalf of the board of directors of Akar Auto Industries Limited

Sd/-

**R.L. Gupta**

Chairman

DIN:00061861

Sd/-

**Mitesh Gadhiya**

Company Secretary

Place: Aurangabad

Date: 29th June 2020

Sd/-

**Sunil Todi**

Managing Director

DIN:00061952

Sd/-

**N.K. Gupta**

Director

DIN:00062268

# Statement of Profit & Loss for the year ended 31st March 2020

(₹ in lakh)

	Notes	31st March 2020	31st March 2019
<b>INCOME</b>			
Revenue from operations	20	19,882.67	27,778.88
Other income	21	14.60	22.04
<b>Total Income (I)</b>		<b>19,897.27</b>	<b>27,800.92</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	11,811.17	18,940.07
Changes in inventories of finished goods, stock in trade and work-in-progress	23	277.60	-955.74
Employee benefits expense	24	2,699.73	2,593.14
Finance costs	25	766.45	810.86
Depreciation and amortisation expense	26	431.96	407.45
Other expenses	27	4,159.02	5,351.57
<b>Total expense (II)</b>		<b>20,145.93</b>	<b>27,147.36</b>
<b>Profit before exceptional items and tax (I-II)</b>		<b>-248.66</b>	<b>653.56</b>
Exceptional items	28	-	-62.88
<b>Profit before tax</b>		<b>-248.66</b>	<b>590.67</b>
<b>Tax expense</b>			
(1) Current tax expense	29	-	166.72
(2) Short/ (Excess) tax Provision for Earlier Years	29	-2.77	0.88
(3) Deferred tax	29	60.24	-98.04
<b>Total tax expense</b>		<b>57.47</b>	<b>69.56</b>
<b>Profit for the year (A)</b>		<b>-306.13</b>	<b>521.11</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items to be reclassified to profit or loss :			
a) Remeasurements of the defined benefit plans (net of tax)		-2.05	-12.75
Items not to be reclassified to profit or loss :			
b) Equity instruments through other comprehensive income (net of tax)		-	0.49
<b>Total other comprehensive income for the year (B)</b>		<b>-2.05</b>	<b>-12.26</b>
<b>Total Income for the year (A+B)</b>		<b>-308.18</b>	<b>508.86</b>
Earnings per share (of ₹ 5 each)			
(1) Basic (in ₹)	30	-2.84	4.83
(2) Diluted (in ₹)	30	-2.84	4.83
See accompanying notes to the financial statements			

As per our report of even date

**For Jaju & Kabra**

Chartered Accountants  
(FRN 140398W)

Sd/-

**Rahul Jaju**

Partner

Membership No. 164021

Place: Aurangabad

Date: 29th June 2020

**For and on behalf of the board of directors of Akar Auto Industries Limited**

Sd/-

**R.L. Gupta**

Chairman

DIN:00061861

Sd/-

**Mitesh Gadhiya**

Company Secretary

Place: Aurangabad

Date: 29th June 2020

Sd/-

**Sunil Todi**

Managing Director

DIN:00061952

Sd/-

**N.K. Gupta**

Director

DIN:00062268

## Cash Flow Statement for the year ended 31st March 2020

(₹ in lakh)

	31st March 2020	31st March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit for period	-306.13	521.11
Adjustments for:		
Income Tax expense	57.47	69.56
Finance cost	766.45	810.86
Depreciation and amortisation expenses	431.96	407.45
Interest income	-14.60	-22.04
Loss/(Profit) on sale of Investment (net)	-	-
Loss/(Profit) on sale of Fixed Assets (net)	-	-0.12
Unrealised Forex exchange (gain) / loss	-	-
<b>Operating profit before changes in working capital</b>	<b>935.15</b>	<b>1,786.83</b>
<b>Adjustments for changes in working capital :</b>		
Movement in trade receivables	743.97	-136.62
Movement in inventories	200.54	-766.41
Movement in other financial assets	34.90	30.17
Movement In other assets	-12.17	60.69
Movement in Other non current financial assets	0.54	-
Movement in trade payables	-361.21	19.31
Movement in other financial liabilities	118.23	-42.68
Movement in other liabilities	-68.61	-79.02
<b>Cash generated from operations</b>	<b>656.18</b>	<b>-914.55</b>
Direct Taxes Paid	-147.00	-128.83
<b>Net cash generated from operating activities (A)</b>	<b>1,444.33</b>	<b>743.45</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest received	14.60	22.04
Proceeds from sale of investments	-	-
Proceeds from sale of PPE	-	<b>2.90</b>
Payment for purchase for PPE	-482.67	-859.05
<b>Net cash used in investing activities (B)</b>	<b>-468.06</b>	<b>-834.11</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds/repayment of long term borrowings	-224.18	975.87
Proceeds from working capital finance	161.73	-38.68
Finance cost paid	-766.45	-810.86
Dividend paid (including dividend distribution tax )	-71.41	-71.41
<b>Net cash generated in financing activities (C)</b>	<b>-900.31</b>	<b>54.91</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>75.96</b>	<b>-35.75</b>



## Cash Flow Statement for the year ended 31st March 2020

(₹ in lakh)

	31st March 2020	31st March 2019
<b>Cash and cash equivalents at the beginning of the year</b>		
Cash in hand	7.31	7.37
Balance with bank in current account & deposit account	174.09	209.73
Balance with bank on unpaid dividend account	6.39	6.44
<b>Cash and cash equivalents at the beginning of the year (refer note 10 )</b>	<b>187.79</b>	<b>223.54</b>
<b>Cash and cash equivalents at the end of the year</b>		
Cash in hand	7.41	7.31
Balance with bank in current account & deposit account	250.35	174.09
Balance with bank on unpaid dividend account	5.98	6.39
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>263.74</b>	<b>187.79</b>
	<b>75.96</b>	<b>-35.75</b>
See accompanying notes to the financial statements		

As per our report of even date

**For Jaju & Kabra**

Chartered Accountants  
(FRN 140398W)

Sd/-

**Rahul Jaju**

Partner

Membership No. 164021

Place: Aurangabad

Date: 29th June 2020

**For and on behalf of the board of directors of Akar Auto Industries Limited**

Sd/-

**R.L. Gupta**

Chairman

DIN:00061861

Sd/-

**Mitesh Gadhiya**

Company Secretary

Place: Aurangabad

Date: 29th June 2020

Sd/-

**Sunil Todi**

Managing Director

DIN:00061952

Sd/-

**N.K. Gupta**

Director

DIN:00062268

## Statement of Changes In Equity for the year ended 31st March 2020

(₹ in lakh)

Particulars	Equity share capital	Other Equity				Total other equity	Total equity
		Reserves & Surplus			Other Comprehensive Income		
		Securities premium Reserve	Retained earnings	General reserve			
<b>As at 1 April, 2018</b>	<b>539.40</b>	<b>351.00</b>	<b>1,571.20</b>	<b>336.97</b>	<b>0.35</b>	<b>2,259.51</b>	<b>2,798.92</b>
Profit for the year	-	-	521.11	-	-	521.11	521.11
Amount transferred from statement of profit & loss	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-12.75	-	0.49	-12.26	-12.26
<b>Total Comprehensive Income</b>	<b>539.40</b>	<b>351.00</b>	<b>2,079.56</b>	<b>336.97</b>	<b>0.84</b>	<b>2,768.37</b>	<b>3,307.77</b>
Payment of dividends	-	-	-59.33	-	-	-59.33	-59.33
Payment of dividend distribution tax	-	-	-12.08	-	-	-12.08	-12.08
Amount transfer from retained earning to general reserve	-	-	-	-	-	-	-
<b>At 31 March, 2019</b>	<b>539.40</b>	<b>351.00</b>	<b>2,008.15</b>	<b>336.97</b>	<b>0.84</b>	<b>2,696.96</b>	<b>3,236.36</b>
Profit for the year	-	-	-306.13	-	-	-306.13	-306.13
Provision adjustment for earlier years	-	-	-	-	-	-	-
Amt transferred from statement of profit & loss	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-2.05	-	-	-2.05	-2.05
<b>Total Comprehensive Income</b>	<b>539.40</b>	<b>351.00</b>	<b>1,699.96</b>	<b>336.97</b>	<b>0.84</b>	<b>2,388.77</b>	<b>2,928.17</b>
Payment of dividends	-	-	-59.33	-	-	-59.33	-59.33
Payment of dividend distribution tax	-	-	-12.08	-	-	-12.08	-12.08
Amount transfer from retained earning to general reserve	-	-	-	-	-	-	-
<b>At 31 March, 2020</b>	<b>539.40</b>	<b>351.00</b>	<b>1,628.55</b>	<b>336.97</b>	<b>0.84</b>	<b>2,317.36</b>	<b>2,856.76</b>
See accompanying notes to the financial statements							

As per our report of even date

### For Jaju & Kabra

Chartered Accountants  
(FRN 140398W)

Sd/-

**Rahul Jaju**

Partner

Membership No. 164021

Place: Aurangabad

Date: 29th June 2020

For and on behalf of the board of directors of Akar Auto Industries Limited

Sd/-

**R.L. Gupta**

Chairman

DIN:00061861

Sd/-

**Mitesh Gadhiya**

Company Secretary

Place: Aurangabad

Date: 29th June 2020

Sd/-

**Sunil Todi**

Managing Director

DIN:00061952

Sd/-

**N.K. Gupta**

Director

DIN:00062268

# Notes to financial statements for the year ended 31st March 2020

## 1. CORPORATE INFORMATION

Akar Auto Industries limited (formerly known as Akar Tools Limited) is listed in India on Bombay stock exchange (BSE). Company name got change from Akar tools limited to Akar Auto Industries Limited with effect from 23rd Oct 2017. The company is in the business of manufacturing hand tools, auto leaf spring, parabolic springs & commercial automotive forging & has its manufacturing facilities in Aurangabad (Maharashtra). The registered office of company is situated at 304, Abhay Steel House, Baroda Street, Carnac Bunder, Mumbai-400009, Maharashtra, India.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

### 2.1 Statement of compliance

For all periods up to & including the year ended March 2017, the company prepared its financial statements in accordance with accounting standards notified under the section 133 of the companies Act 2013 read together with paragraph 7 of the companies (Accounts) Rules 2014 (Indian GAAP). These are the Company's first IND AS financial statements. The date of transition to IND AS is 1st April, 2016. Refer note 4 for the details of first time adoption exemptions availed by the Company.

### 2.2 Basis of preparation and measurement

The financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis except for the following-

- (i) Certain financial assets and liabilities that is measured at fair value
- (ii) Defined benefit plans – planned assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimate using another valuation technique. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### 2.3 Foreign currency transaction & translation

The functional currency of Akar auto industries Limited is Indian rupee.

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognized in the statement of Profit and Loss.

The company also uses foreign exchange forward contracts to hedge its exposure to movements in foreign currency exchange rate. Exchange difference on such contracts is recognized in statement of profit & loss in reporting period in which exchange rate change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or expense in the period in which same is cancelled or rolled over.

### 2.4 Property Plant and equipment (PPE)

Property plant and equipment (PPE) are recognized at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

## Notes to financial statements for the year ended 31st March 2020

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight-line method ("SLM"). Management believes based on a technical evaluation (which is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement anticipated technological changes, manufacturers warranties and maintenance support, etc.)

Type/ Category of Asset	Useful live
Buildings including factory buildings	30 years
Carpet road RCC	10 years
General Plant and Machinery	15 years
Electrical Installations and Equipment	15 years
Furniture and Fixtures	10 years
Office Equipments	5 years
Vehicles	8 years
Computer and Data Processing Units	3 years
Containers	3 years

Cost of lease hold assets are amortized over period of their respective lease.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in financial statements.

### 2.6 Capital work-in-progress and intangible assets under development

Capital work –in-progress/ intangible assets under development are carried at cost, comprising direct cost, related incidental expensed and attributable borrowing cost. Other expenditure incurred during the construction period which are not related to the construction activity nor are incidental thereto, are charged to statement of profit & loss.

### 2.7 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities or three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## Notes to financial statements for the year ended 31st March 2020

### 2.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. IND AS 109 requires certain categories of financial assets and liabilities to be measured at amortized cost using effective interest rate method. In accordance with IND AS 109 "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipt through the expected life of financial asset or financial liability to the gross carrying amount of financial asset or to amortized cost of financial liability.

#### Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are subsequently measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

#### Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

#### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are measured at the proceeds received net off direct issue cost.

### 2.8 Derivative financial instruments

The Company enters into certain derivative contracts with an intention to hedge assets & liabilities, firm commitment and highly probable transactions. Such contracts are accounted as per the policy stated in foreign currency transaction & translations.

### 2.9 Impairment

#### Financial assets (other than at fair value)

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

#### PPE and intangibles assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an

## Notes to financial statements for the year ended 31st March 2020

individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

### 2.10 Inventories

Inventories are valued at lower of cost (on monthly average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies transit insurance and receiving charges. Work –in-progress and finished goods include appropriate proportion of overheads. Stores & spares are valued at cost after considering cost of obsolescence and estimated useful life. Scrap is valued at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### 2.11.1 Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.11.2 Rendering of services

Income recognition for services takes place as and when the services are performed.

#### 2.11.3 Interest Income

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the asset's net carrying amount on initial recognition.

#### 2.11.4 Dividend

Dividend income if any from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

#### 2.11.5 Insurance Claims

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

### 2.12 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

## Notes to financial statements for the year ended 31st March 2020

### **Finance Lease:**

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

### **2.13 Employee benefit expenses**

Employee benefits consist of contribution to provident fund, gratuity fund, and compensated absences.

#### **2.13.1 Post-employment benefit plans**

##### **Defined Contribution plans**

Employee benefit in form of contribution to provident fund managed by government authorities, Employee state Insurance Corporation and labor welfare fund are considered as defined contribution plans and are charge to statement of profit or loss statement for the year in which employee renders the related services.

##### **Defined benefit plans**

The Company's gratuity fund scheme is considered as defined benefit plan. The company's liability is determined on basis of actuarial valuation using projected unit credit method as at the balance sheet date. The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability. The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognized in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income they are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

#### **2.13.2 Short term employee benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment of encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

### **2.14 Borrowing cost**

#### **Borrowing costs**

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalized until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All the other borrowing costs are recognized in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

## Notes to financial statements for the year ended 31st March 2020

### 2.15 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

#### Deferred tax

Deferred income tax is recognized using the Balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### 2.16 Accounting of provisions, contingent liabilities and contingent assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. The company does not recognize a contingent liability but disclose its existence in financial statements.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is highly probable.

### 3.1 Dividend to equity shareholders

Dividend to equity shareholders is recognized as a liability and deducted from shareholders equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.



## Notes to financial statements for the year ended 31st March 2020

### 3.2 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

### 3.3 Exceptional Items

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of company financial performance.

### 3.4 Current and Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A Liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities and advance against current tax are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 3.5 Cash flow statement

Cash flow are reported using indirect method, where by profit before tax is adjusted for the effects transaction of non-cash nature and any deferrals or accruals of past or future cash receipt or payments.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimated under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

## Notes to financial statements for the year ended 31st March 2020

### **Critical Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Discount rate used to determine the carrying amount of the Company's defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

### **Contingences and commitments**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### **Useful lives of property, plant and equipment**

As described in Note 2, the company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

### **Allowances for doubtful debts**

The company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

### **Allowances for inventories**

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### **Liability for sales return**

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 18 and in particular, whether the company has transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

### **NOTE ON COVID-19**

We have also assessed the requirement of the implementation of business continuity plan initiated by the Company due to impact of recent COVID -19 pandemic and ensured sustainability and growth post COVID- 19.

# Notes to financial statements for the year ended 31st March 2020

## 5 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Cost or deemed cost	Freehold land	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Finance lease Vehicle	Office equipments	Computer	Containers	Total
Balance at 1st April, 2018	155.65	6.95	1,382.68	5,573.78	47.68	242.52	148.09	123.33	34.03	7,714.71
Additions	-	-	29.37	442.58	6.86	30.94	7.76	46.92	-	564.43
Disposals	-	-	-	7.15	-	-	-	-	-	7.15
Balance at 31st March, 2019	155.65	6.95	1,412.05	6,009.21	54.54	273.46	155.85	170.25	34.03	8,271.99
Additions	-	-	2.84	838.01	19.79	-	9.16	23.46	-	893.26
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31st March, 2020</b>	<b>155.65</b>	<b>6.95</b>	<b>1,414.89</b>	<b>6,847.22</b>	<b>74.33</b>	<b>273.46</b>	<b>165.01</b>	<b>193.71</b>	<b>34.03</b>	<b>9,165.25</b>

(₹ in Lakhs)

Accumulated depreciation	Freehold land	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Finance lease Vehicle	Office equipments	Computer	Containers	Total
Balance at 1st April, 2018	-	2.12	545.35	3,102.70	19.33	106.36	95.30	88.66	32.32	3,992.14
Depreciation expense	-	0.07	47.89	308.08	3.85	20.38	5.23	21.95	-	407.45
Eliminated on disposal of assets	-	-	-	4.37	-	-	-	-	-	4.37
Balance at 31st March, 2019	-	2.19	593.24	3,406.41	23.18	126.74	100.53	110.61	32.32	4,395.22
Depreciation expense	-	0.07	48.48	329.41	5.24	23.05	6.50	19.21	-	431.96
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31st March, 2020</b>	<b>-</b>	<b>2.26</b>	<b>641.72</b>	<b>3,735.82</b>	<b>28.42</b>	<b>149.79</b>	<b>107.03</b>	<b>129.82</b>	<b>32.32</b>	<b>4,827.18</b>

(₹ in Lakhs)

Carrying amount	Freehold land	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Finance lease Vehicle	Office equipments	Computer	Containers	Total
Balance at 1st April, 2018	155.65	4.83	837.33	2,471.08	28.35	136.16	52.79	34.67	1.71	3,722.57
Additions	-	-	29.37	442.58	6.86	30.94	7.76	46.92	-	564.43
Disposals	-	-	-	2.78	-	-	-	-	-	2.78
Depreciation expense	-	0.07	47.89	308.08	3.85	20.38	5.23	21.95	-	407.45
Balance at 31st March, 2019	155.65	4.76	818.81	2,602.80	31.36	146.72	55.32	59.64	1.71	3,876.77
Additions	-	-	2.84	838.01	19.79	-	9.16	23.46	-	893.26
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	0.07	48.48	329.41	5.24	23.05	6.50	19.21	-	431.96
<b>Balance at 31st March, 2020</b>	<b>155.65</b>	<b>4.69</b>	<b>773.17</b>	<b>3,111.40</b>	<b>45.91</b>	<b>123.67</b>	<b>57.98</b>	<b>63.89</b>	<b>1.71</b>	<b>4,338.07</b>
<b>CWIP as on 31.03.2019</b>				<b>410.60</b>						<b>410.60</b>
<b>CWIP as on 31.03.2020</b>				-						-

### Footnotes

1. Plant & equipment includes general plant & machinery, electrical installations, laboratory equipments.

## Notes to financial statements for the year ended 31st March 2020

### 6 INVESTMENTS

(₹ in Lakhs)

	Units	As at 31st March, 2020	Units	As at 31st March, 2019
<b>Non-current</b>				
<b>Investment in Mutual Fund - Quoted</b>				
(a) Investments carried at fair value through other comprehensive income (FVTOCI)				
(i) Canara Robeco mutual fund	-	-	-	-
<b>Total aggregate quoted investments (A)</b>		-		-
<b>Investment in Equity - Unquoted</b>				
(a) Investments carried at fair value through other comprehensive income (FVTOCI)				
(i) Gupta Concast limited	6300.00	6.30	6300.00	6.30
<b>Total aggregate unquoted investments (B)</b>		<b>6.30</b>		<b>6.30</b>
<b>Total non-current investments (A+B)</b>		<b>6.30</b>		<b>6.30</b>

### 7 OTHER FINANCIAL ASSETS (at amortised cost)

(₹ in Lakhs)

(Unsecured, considered good unless otherwise stated)	As at 31st March, 2020	As at 31st March, 2019
<b>(i) Non-Current</b>		
Security deposits*	250.00	250.00
Bank deposits as margin money with more than 12 month maturity #	-	0.54
<b>Total (A)</b>	<b>250.00</b>	<b>250.54</b>
<b>(ii) Current</b>		
<b>Loans and Advances &amp; other financial assets</b>		
Loans and advances to related parties	38.85	38.85
Other Loans & advances	50.00	50.00
Security Deposit	46.86	46.11
Advances to supplier	284.86	312.25
Interest accrued on fixed deposit with bank	15.35	21.37
Others	-	2.25
<b>Total (B)</b>	<b>435.92</b>	<b>470.83</b>
<b>Total other financial assets (A+B)</b>	<b>685.92</b>	<b>721.37</b>

Footnote:

\*Interest free security Deposit has been given to Gupta Concast Ltd against tenancy of Plot No. B- 5&6, MIDC, Waluj, Aurangabad

# Margin money with bank is against bank guarantees and letter of credit facility

There is no amount due from director, other officer of company, or firm in which any director is partner or private companies in which any director is a director or member at any time during the reporting period except mentioned below.

i- Advance given to Akar Alloys private limited in which one of company director is also director in Akar Auto Industries Limited.

## Notes to financial statements for the year ended 31st March 2020

### 8 INVENTORIES

(₹ in Lakhs)

(valued at lower of cost or net realisable value)	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	554.09	562.18
Work-in-Progress	3,039.83	3,238.55
Finished goods (other than those acquired for trading)	1,388.36	1,475.70
Scrap & Packing Material	82.86	74.41
Stores & Spares	881.13	795.98
<b>Total</b>	<b>5,946.27</b>	<b>6,146.82</b>

Footnote:

1. The mode of valuation of inventories has been stated in note 2.10
2. Loans are secured by first charge on stock (including raw material ,finished goods and work in progress) and book debts (refer note 9 and 14)

### 9 TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
Unsecured, considered good	3,078.13	3,822.10
<b>Total</b>	<b>3,078.13</b>	<b>3,822.10</b>

Footnote:

1. The credit period ranges from 7 days to 120 days.
2. Before accepting any new customer, the company assesses the potential customer's credit quality and define credit limits by customer.  
Limits attributed to customer are reviewed annually.
3. Neither trade or other receivables are due from directors or other officer of the company either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner or a director or a member (refer note 7)
4. Loans are secured by first charge on stock (including raw material ,finished goods and work in progress) and book debts (refer note 8 & 14)

## Notes to financial statements for the year ended 31st March 2020

### 10 CASH AND BANK BALANCES

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>a Cash and cash equivalents (As per AS-3)</b>		
Balance with Banks - In Current Accounts	66.64	30.68
Cash on Hand	7.41	7.31
<b>Total (A)</b>	<b>74.05</b>	<b>37.99</b>
<b>b Other bank balances</b>		
Earmarked balances with banks		
i Balance held for unpaid /unclaimed dividend.	5.98	6.39
ii. Bank deposits as margin money against bank guarantees and letter of credit facility. (With original maturity of more than 12 months, on reporting date maturity time is less than 12 month)	183.71	143.41
<b>Total (B)</b>	<b>189.69</b>	<b>149.80</b>
<b>Total (A+B)</b>	<b>263.74</b>	<b>187.79</b>

### 11 OTHER ASSETS

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
Statutory dues receivables from govt. authorities :		
VAT credit receivables	5.61	6.31
Excise duty /Service Tax receivable	2.30	2.30
Export benefit receivables	59.10	51.56
Advances to employees	22.83	6.31
Others advances & receivables	18.94	28.40
Prepaid expense	4.90	6.63
	<b>113.68</b>	<b>101.51</b>

## Notes to financial statements for the year ended 31st March 2020

### 12 SHARE CAPITAL

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised shares capital*</b>		
2,00,00,000 Equity shares of ₹ 5/- each	1,000.00	1,000.00
(PY it was 2,00,00,000 equity shares of ₹ 5/- each)		
<b>Issued, subscribed and fully paid-up shares (in numbers)</b>		
1,07,88,010 Equity shares of ₹ 5/- each	539.40	539.40
(PY 1,07,88,010 Equity shares of ₹ 5/- each)		
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>539.40</b>	<b>539.40</b>

#### b Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. For the year ended 31 March 2020, no dividend is proposed to be distributed to equity share holders (31st March 2019: ₹ 0.55 on face value of ₹ 5).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the assets of the company, in proportion to the number of equity shares held by the shareholders.

#### c Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 5 each fully paid

Name of Shareholder	Number of shares	% of holding
<b>Equity shares with voting rights</b>		
<b>Usha Gupta</b>		
As at 31 March 2019	22,35,400	20.72
As at 31 March 2020	22,35,400	20.72
<b>R L Gupta (HUF)</b>		
As at 31 March 2019	12,38,250	11.48
As at 31 March 2020	12,38,250	11.48
<b>R L Gupta</b>		
As at 31 March 2019	8,88,080	8.23
As at 31 March 2020	8,88,080	8.23
<b>Akar Alloys Pvt Ltd</b>		
As at 31 March 2019	8,58,796	7.96
As at 31 March 2020	8,58,796	7.96
<b>Narendra Kumar Gupta</b>		
As at 31 March 2019	7,89,700	7.32
As at 31 March 2020	7,89,700	7.32
<b>Nitin Gupta</b>		
As at 31 March 2019	6,34,400	5.88
As at 31 March 2020	6,34,400	5.88

#### d As per records of the company as at 31st Mar 2020, no calls remain unpaid by directors & officers of the company.

## Notes to financial statements for the year ended 31st March 2020

### 13 OTHER EQUITY

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
General reserve	336.97	336.97
Securities premium reserve	351.00	351.00
Retained earnings	1,628.55	2,008.15
Reserve for equity instruments through Other Comprehensive income	0.84	0.84
<b>Total</b>	<b>2,317.36</b>	<b>2,696.96</b>

#### General reserve

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	336.97	336.97
Net additions during the year	-	-
<b>Balance at the end of the year</b>	<b>336.97</b>	<b>336.97</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### Securities premium reserve

	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	351.00	351.00
Movement	-	-
<b>Balance at the end of year</b>	<b>351.00</b>	<b>351.00</b>

Amount received on issue of shares in excess of the par value has been classified as security share premium

#### Retained earnings

	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	2,008.15	1,571.20
Profit for the year	-306.13	521.11
Other Comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	-2.05	-12.75
Payment of dividend on equity shares- Final	-59.33	-59.33
Payment of dividend distribution tax on equity shares	-12.08	-12.08
Transfer to general reserves	-	-
Other adjustment	-	-
<b>Balance at the end of the year</b>	<b>1,628.55</b>	<b>2,008.15</b>



## Notes to financial statements for the year ended 31st March 2020

### Reserve for equity instruments through Other Comprehensive Income

	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	0.84	0.35
Additions during the year	-	0.49
<b>Balance at end of year</b>	<b>0.84</b>	<b>0.84</b>

### 14(a) LONG TERM BORROWINGS

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Secured-at amortised cost</b>		
Term loan from bank /financial institute* (refer note below i)	802.71	931.30
Finance lease obligation* (refer below note ii)	40.50	71.06
<b>Unsecured-at amortised cost</b>		
Others	1,330.95	1,395.98
<b>Total</b>	<b>2,174.16</b>	<b>2,398.34</b>

\* Part of long term borrowing which is payable in next 12 month is shown under current liabilities.

### Summary of borrowing arrangements

#### i The terms of repayment of term loans and other loans are stated below:

Particulars	As at 31st March, 2020	As at 31st March, 2019	Rate of Interest	Terms of Repayment
Secured term loan from Canara Bank (refer footnote)	174.47	250.97	MCLR + Spread	The loan is repayable in 72 monthly installments. The repayment begins from month of Dec 15 and last EMI fall due on June 22
Secured term loan from Canara Bank (refer footnote)	755.11	836.43	MCLR + Spread	The loan is repayable in 72 monthly installments. The repayment begins from month of Oct 18 and last EMI fall due on Sept 24
Secured term loan from Siemens Financial Services Private Limited. Term loan is secured by exclusive hypothecation over assets funded by SFSPL.	-	5.74	Fixed Interest rate	The loan is repayable in 48 monthly installments. The repayment begins from month of May 15 and last EMI fall due on April 19
Secured term loan from Siemens Financial Services Private Limited. Term loan is secured by exclusive hypothecation over assets funded by SFSPL.	-	1.37	Fixed Interest rate	The loan is repayable in 45 monthly installments. The repayment begins from month of March 15 and last EMI fall due on Apr 19
Secured term loan from Siemens Financial Services Private Limited. Term loan is secured by exclusive hypothecation over assets funded by SFSPL.	-	44.95	Fixed Interest rate	The loan is repayable in 36 monthly installments. The repayment begins from month of Jan 17 and last EMI fall due on Dec 19
Secured term loan from Siemens Financial Services Private Limited. Term loan is secured by exclusive hypothecation over assets funded by SFSPL.	-	-	Fixed Interest rate	The loan is repayable in 48 monthly installments. The repayment begins from month of Oct 15 and last EMI fall due on Oct 19
Secured term loan from Siemens Financial Services Private Limited. Term loan is secured by exclusive hypothecation over assets funded by SFSPL.	125.39	-	Fixed Interest rate	The loan is repayable in 36 monthly installments. The repayment begins from month of Feb 20 and last EMI fall due on Feb 2023
Unsecured loan from Akar Industries Ltd.	890.75	848.75	Fixed Interest rate	This loan is repayable at the end of 7 years
Unsecured loan from Macotax	250.00	250.00	Interest Free	This loan is repayable at the end of 9 years
Unsecured loan from RL Gupta	16.65	15.00	Interest Free	This loan is repayable at the end of 7 Years
Unsecured loan from Gupta Concast Ltd	160.00	160.00	Interest Free	This loan is repayable at the end of 7 Years

## Notes to financial statements for the year ended 31st March 2020

ii Vehicle loans taken from Punjab National Bank Ltd, HDFC Bank Ltd carries interest @ 8.45% to 10.65% p.a., This loan is repayable in 7 years.

Vehicle Loans are secured by way of hypothecation of respective motor vehicles purchased.

### 14(b) SHORT TERM BORROWINGS

(₹ in Lakhs)

Borrowings	As at 31st March, 2020	As at 31st March, 2019
<b>Secured - at amortised cost</b>		
Loans repayable on demand from banks (refer footnote)		
Banks overdrafts & cash credit facility*	3,907.09	3,818.67
Term loan from bank		
<b>Unsecured- at amortised cost</b>		
Banks	0.06	16.30
Non Banking Financial Institute	255.77	166.22
<b>Total</b>	<b>4,162.92</b>	<b>4,001.19</b>

Footnote:

- Rupee term loan from Canara Bank is secured by first charged by way of mortgage, by deposit of title deeds in respect of immovable properties and hypothecation of the movable fixed assets of the company, both present & future except excluded assets, subject to prior charges created in favour of banks on current assets and other movables for securing working capital borrowings.

The above term loan and working capital loan from Canara bank is also further secured by personal guarantees of some Directors and collateral security by way of mortgage of Land and Building of M/s Gupta Concast Ltd.

- Unsecured loan of ₹ 50 lakh taken from Kotak Mahindra Bank on fixed interest rate, payable in 36 installment starting month of April 18.
- Unsecured loan of ₹ 50 lakh taken from Magma Fincorp on fixed interest rate, payable in 36 installment starting month of April 18.
- Unsecured loan of ₹ 200 lakh taken from Tata Capital on fixed interest rate payable in 24 installment starting month of March 19
- Unsecured loan of ₹ 100 lakh taken from Tata Capital on fixed interest rate payable in 4 installment starting month of June 20

### 15 DEFERRED TAX LIABILITY

(₹ in Lakhs)

The following is the analysis of deferred tax liabilities/(assets) presented in the Balance sheet

	As at 31st March, 2020	As at 31st March, 2019
Deferred tax liabilities	446.23	385.99
<b>Total</b>	<b>446.23</b>	<b>385.99</b>

Deferred tax movement	2019-20	2018-19
Opening Balance	385.99	484.03
Recognised in statement of profit or loss	60.24	-98.04
<b>Closing Balance</b>	<b>446.23</b>	<b>385.99</b>

## Notes to financial statements for the year ended 31st March 2020

### 16 TRADE PAYABLES

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Trade payables</b>		
Total outstanding dues of creditors	2,932.95	3,257.71
Total outstanding dues of creditors against LC acceptances	754.90	791.35
<b>Total</b>	<b>3,687.85</b>	<b>4,049.06</b>

Footnote:

Based on the information available with the Company, there are no dues outstanding in respect of Micro, Small and Medium Enterprises at the balance sheet date which were outstanding for more than 45 days. Further, no interest during the year has been paid or payable in respect thereof.

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditor.

### 17 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Current</b>		
(a) Current maturity of long term borrowings*		
Finance lease obligation	30.23	27.61
Term loan from banks and financial institute	252.26	208.15
(b) Unclaimed dividends	6.66	6.39
(c) Others		
Creditors for capital purchases	-	-
Advances received from customer	97.96	27.88
Others	3.90	2.75
<b>Total</b>	<b>391.01</b>	<b>272.78</b>

\* refer note 14

### 18 PROVISIONS

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
<b>Employee Benefits</b>		
<b>Non Current</b>		
Gratuity	233.69	209.87
Compensated Absence	45.81	44.89
<b>Total</b>	<b>279.50</b>	<b>254.76</b>
<b>Current</b>		
Gratuity	-	-
Compensated Absence	17.36	15.98
<b>Total</b>	<b>17.36</b>	<b>15.98</b>

## Notes to financial statements for the year ended 31st March 2020

### 19 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Provident fund & other employee deduction payable	23.30	16.51
Statutory dues	95.06	57.37
Other liabilities	287.76	430.23
<b>Total</b>	<b>406.12</b>	<b>504.11</b>

### 20 REVENUE FROM OPERATIONS

(₹ in Lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a. Sale of products - Export Sales	4,967.02	4,648.57
Sale of products - Domestic Sales	13,750.07	21,435.16
b. Other operating revenues *	1,165.58	1,695.15
<b>Total</b>	<b>19,882.67</b>	<b>27,778.88</b>
*Other operating revenues consists of :		
Export Incentive	236.91	215.19
Sales of Scrap	859.10	1,372.85
Net foreign exchange gain/ (losses)	58.06	46.73
Other Misc. sales	11.50	60.38
<b>Total</b>	<b>1,165.58</b>	<b>1,695.15</b>

### 21 OTHER INCOME

Interest income on Fixed Deposits with Banks carried at amortised cost	14.60	22.04
<b>Total</b>	<b>14.60</b>	<b>22.04</b>

### 22 COST OF MATERIALS CONSUMED

Opening raw material stock at the beginning of the year	562.18	747.89
Add: Purchases *	11,803.08	18,754.36
	<b>12,365.26</b>	<b>19,502.25</b>
Less: Closing stock raw material stock at the end of the year	554.09	562.18
<b>Cost of material consumed</b>	<b>11,811.17</b>	<b>18,940.07</b>

\*Cost of material consumed includes job work expense ₹ 516.22 lakhs (previous year it was ₹ 1154.95 lakhs)

## Notes to financial statements for the year ended 31st March 2020

### 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Inventories at the end of the year</b>		
Finished goods	1,388.36	1,475.70
Work-in-process	3,039.83	3,238.55
Scrap and Packing	82.86	74.41
	<b>4,511.06</b>	<b>4,788.65</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	1,475.70	812.20
Work-in-process	3,238.55	2,971.70
Scrap and Packing	74.41	49.02
	<b>4,788.65</b>	<b>3,832.92</b>
<b>Net decrease / (increase)</b>	<b>277.60</b>	<b>-955.74</b>

### 24 EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus	2,480.31	2,349.91
Director's Remuneration	62.50	63.86
Contribution to provident and other funds (refer note 35)	127.75	135.01
Staff welfare expenses	29.17	44.36
<b>Total</b>	<b>2,699.73</b>	<b>2,593.14</b>

### 25 FINANCE COSTS

Interest expense on:		
Borrowings	567.40	554.83
Other borrowing costs	199.05	256.03
<b>Total</b>	<b>766.45</b>	<b>810.86</b>

### 26 DEPRECIATION & AMORTISATION EXPENSE

Depreciation of property, plant & equipment.(refer note 5)	431.96	407.45
<b>Total</b>	<b>431.96</b>	<b>407.45</b>

## Notes to financial statements for the year ended 31st March 2020

### 27 OTHER EXPENSES

(₹ in Lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a Consumption of stores and spare parts	895.99	1,153.75
b Consumption of packing materials	431.44	502.04
c Power and fuel	1,652.42	2,153.23
d Water charges	17.99	15.88
e Repairs and maintenance - Buildings	10.44	52.62
f Repairs and maintenance - Machinery	95.18	298.61
g Repairs and maintenance - Others	13.21	18.77
h Insurance	6.91	9.21
i Rates and taxes	53.95	55.71
j Director's Sitting Fees	10.48	12.88
k Communication	23.45	22.32
l Travelling and conveyance	210.42	211.16
m Printing and stationery	6.16	13.74
n Freight and forwarding	342.52	387.75
o Sales discount	119.51	120.63
p Business promotion	33.00	52.84
q Donations and contributions	18.93	26.52
r Legal and professional	114.95	122.30
s Payment to Statutory Auditors*	2.40	2.40
t Miscellaneous expenses	99.66	119.19
<b>Total</b>	<b>4,159.02</b>	<b>5,351.57</b>

#### DETAILS OF PAYMENT TO AUDITORS\*

As auditor-		
Audit fee	2.00	2.00
Tax audit fee	0.40	0.40
<b>Total</b>	<b>2.40</b>	<b>2.40</b>

### 28 EXCEPTIONAL ITEMS\*

(Profit) / Loss on Sale of Investment	-	-
(Profit) / Loss on Sale of Fixed Assets (Machinery)	-	-0.12
Sundry balances written off	-	63.00
<b>Total</b>	<b>-</b>	<b>62.88</b>

## Notes to financial statements for the year ended 31st March 2020

### 29 INCOME TAX EXPENSE

(₹ in Lakhs)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>a Provision for current tax ( net of advance tax )</b>		
b Total Tax expense recognised in profit or loss		
Current tax on profit for the year	-	166.72
<b>Total current tax expense (A)</b>	<b>-</b>	<b>166.72</b>
Short/(Excess) tax Provision for Earlier Years	-2.77	0.88
<b>Total Short/(Excess) tax expense (B)</b>	<b>-2.77</b>	<b>0.88</b>
Deferred tax		
In respect of current year	60.24	-98.04
<b>Total deferred tax expense (C)</b>	<b>60.24</b>	<b>-98.04</b>
<b>Total income tax expense recognise in statement of profit &amp; loss (A+B+C)</b>	<b>57.47</b>	<b>69.56</b>

### 30 EARNING PER SHARE

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit after tax	-306.13	521.11
Weighted Average No. of Equity Shares Outstanding *	108	108
Nominal Value of shares (in ₹)	5.00	5.00
Basic & Diluted Earnings Per Share (In ₹)	-2.84	4.83

## Notes to financial statements for the year ended 31st March 2020

### 31 CONTINGENT LIABILITIES AND COMMITMENTS

#### 1 Contingent Liabilities -

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
a Guarantees issued by banks on behalf of the company and outstanding	198.57	247.57
b Liabilities against the Company not acknowledged as debts	-	-
for Income Tax	274.68	180.49
for Sales Tax	-	-
for TDS	9.83	6.19
for TCS	9.96	9.96
for Excise (Service Tax)	15.03	23.61
for Provident Fund	-	-
c Foreign Bills and Inland bills discounted and outstanding	503.73	410.85
d Letters of Credit for Purchases	761.21	793.44
c The company has given performance guarantees and /or guarantees against loans given from Karvy Finance to Akar Industries Pvt.Ltd	-	175.00

#### 2 Commitments

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
a Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	54.34	112.10

### 32 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006.

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	36.34	10.56



## Notes to financial statements for the year ended 31st March 2020

### 33 RELATED PARTY DISCLOSURE

Information given in accordance with the requirements of Accounting Standard 18 - Related Party disclosures notified by Ministry of Corporate Affairs Under sub section (3C) of Section 211 of the Companies Act, 1956 read with General circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs

#### 1 Name of the party and relationships

SL No.	Description of Relationship	Name of Related Parties
1	Enterprises over which Key Managerial Personnel are able to exercise significant influence	R.L. Steels & Energy Ltd.
		Akar Alloy Pvt Ltd
		Aurangabad Forgings P Ltd.
		Gupta Concast Ltd
		Santh Eknath Rolling Mills Pvt Ltd
		Akar Industries Pvt Ltd
		Akar Minerals Pvt Ltd
		Lavanya Investments Pvt Ltd.
2	Key Management Personnel	Shatrunji Investments Pvt Ltd
		Mr. R L Gupta - Chairman
		Mr. Sunil Todi - Managing Director
		Mr. Pradeep Nijampurkar -Executive Diector
		Mr. N K Gupta - Director
		Mr. Vinay Joshi-CFO (up to 11th Jan 2020)*
3	Relatives of Key Management Personnel	Mr. Mitesh Gadhiya - Company Secretary
		Mr. Nitin Gupta
		Mrs. Usha Devi Gupta
		Mr. Sushila Devi Gupta

#### 2 Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2020

(₹ in Lakhs)

Sl No.	Particulars	Enterprises over which Key Managerial Personnel are able to exercise significant influence		Key Management Personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	<b>Part 1: Transaction During the Period</b>						
<b>1</b>	<b>Sale of Goods</b>						
	R.L. Steels & Energy Ltd	1,100.82	2,058.26	-	-	1,100.82	2,058.26
<b>2</b>	<b>Purchase of Goods</b>						
	R.L. Steels & Energy Ltd	7,617.46	12,098.52	-	-	7,617.46	12,098.52
<b>3</b>	<b>Loan / Advances Given / taken</b>						
	Akar Alloys Pvt Ltd	-	318.00	-	-	-	318.00
	Akar Industries Pvt Ltd	-	160.00	-	-	-	160.00
	RL Gupta	1.65	15.00	-	-	1.65	15.00
	Usha Gupta	-	-	-	-	-	-

## Notes to financial statements for the year ended 31st March 2020

SI No.	Particulars	Enterprises over which Key Managerial Personnel are able to exercise significant influence		Key Management Personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>3</b>	<b>Rent Expenses</b>						
	Aurangabad Forgings P Ltd.	3.00	3.00	-	-	3.00	3.00
	Gupta Concast Ltd	6.00	6.00	-	-	6.00	6.00
	Shatrunji Investments Pvt Ltd	0.78	0.78	-	-	0.78	0.78
<b>4</b>	<b>Interest Expenses</b>						
	Akar Industries Pvt Ltd	50.00	50.00	-	-	50.00	50.00
<b>5</b>	<b>Remuneration</b>						
	Sunil Todi	-	-	51.99	56.63	51.99	56.63
	Pradeep Nijampurkar	-	-	13.17	13.17	13.17	13.17
	Vinay Joshi*	-	-	24.43	11.72	24.43	11.72
	Mitesh Gadhiya	-	-	13.69	13.10	13.69	13.10
	<b>Part 2: Balance at the end of the period</b>						
<b>1</b>	<b>Trade Payable</b>						
	R.L. Steels & Energy Ltd	964.73	775.56	-	-	964.73	775.56
	Aurangabad Forgings P Ltd.	10.65	7.95	-	-	10.65	7.95
	Shatrunji Investments Pvt Ltd	3.90	3.12	-	-	3.90	3.12
	Gupta Concast Ltd	-	-	-	-	-	-
<b>2</b>	<b>Loans &amp; Advances</b>						
	Akar Alloy Pvt Ltd	14.35	14.35	-	-	14.35	14.35
	Aurangabad Forgings P Ltd.	5.00	5.00	-	-	5.00	5.00
	Lavanya Investments Pvt Ltd.	3.50	3.50	-	-	3.50	3.50
<b>3</b>	<b>Security Deposits (Against Rent)</b>						
	Gupta Concast Ltd	250.00	250.00	-	-	250.00	250.00
<b>4</b>	<b>Unsecured Loan</b>						
	Akar Industries Pvt Ltd.	890.75	854.50	-	-	890.75	854.50
	Gupta Concast Ltd	160.00	160.00	-	-	160.00	160.00
	R L Gupta	16.65	15.00	-	-	16.65	15.00
	Usha Gupta	-	-	-	-	-	-
<b>5</b>	<b>Investment in Shares (Unquoted)</b>						
	Gupta Concast Ltd	6.30	6.30	-	-	6.30	6.30
<b>6</b>	<b>Managerial Remuneration (Payable)/Recoverable</b>						
	Usha Gupta	-	-	-	-	-	-
	Sunil Todi	-	-	-	-	-	-
	Pradeep Nijampurkar	-	-	-	-	-	-

### 34 SEGMENT REPORTING

The Company is engaged in the business of "Automotive Components" and therefore, has only one reportable segment in accordance with IND AS 108 "Operating Segments".

## Notes to financial statements for the year ended 31st March 2020

### 35 EMPLOYEE BENEFIT PLAN

#### Defined contribution plan

The company makes provident fund contribution to defined contribution retirement benefit plan for eligible employees. Under the scheme, the company is required to contribute a specific percentage of pay roll costs to fund the benefits. The contribution as specified under the law are paid to government authorities ( PF commissioner) and such contribution is recognised as expense in year it is determined.

#### Defined benefit plan

The company offer it employees defined benefit plan in form of gratuity scheme.( a lump sum amount). The gratuity scheme covers all regular employees. In case of gratuity scheme company contributes funds to gratuity trust which is irrevocable, and if company did not make contribution in trust then such unpaid contribution is shown under provision in financial statement. Commitments are actuarially determined at year end. The actuarial valuation is done based on " Projected Unit Credit " method. These plan typically expose the company to actuarial risk such as ; investment risk, interest rate risk, longevity risk and salary risk.

#### Investment risk:

The present value of defined benefit liability is calculated using discount rate which is determined by using reference to market yields at the end of reporting period on government bonds. If return on planned assets is below this rate it will create plan deficit.

#### Interest risk:

A decrease in bond interest rate will increase the plan liability; however this will partially offset by an increase in plan assets.

#### Longevity risk:

The present value of defined benefit plan is calculated by reference to the best estimate of the mortality of plan participants. An increase in life expectancy of plan participants will increase the plan`s liability.

#### Salary risk:

The present value of defined benefit plan is calculated by reference to the future salary of plan participants. As such an increase in the salary of plan participants will increase the plan`s liability.

The principal assumptions used for purpose of actuarial valuation were as follows.

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Discount Rate	5.60%	7.00%
Salary escalation rate	5.00%	6.00%
Expected return on Assets	7.35%	7.35%

Mortality rate is assumed based on Indian assured lives (2006-08) Ult.

Amount recognised in statement of profit & loss in respect of these defined benefit plan are as follows.

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Service Cost:		
Current Service Cost	22.46	20.48
Interest Cost	22.36	21.23
Expected Return on Plan Assets	-7.63	-9.25
Past Service Cost	-	-
<b>Component of defined benefit cost recognised in profit or loss</b>	<b>37.19</b>	<b>32.46</b>

(₹ in Lakhs)

## Notes to financial statements for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Remeasurement on net defined benefit liability:		
Actuarial (gain)/loss arising from change in financial assumption	5.96	4.93
Actuarial gain/(loss) arising from change in demographic assumption	-0.02	-
Actuarial (gain)/loss arising from experience adjustment	-3.89	5.71
Return on plan assets(excluding amount included in net interest expense)	-	2.11
<b>Component of defined benefit cost recognised in Other comprehensive income</b>	<b>2.05</b>	<b>12.75</b>

Amount included in the Balance sheet arising from entity's obligation in respect of its defined benefit plan is as follows.

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Present value of defined benefit obligation	350.12	318.69
Fair Value of Plan Assets	116.46	108.82
<b>Funded Status - (Surplus)/Deficit</b>	<b>233.66</b>	<b>209.87</b>
Restriction on assets recognised	-	-
<b>Liability/(Asset) recognised in the Balance Sheet</b>	<b>233.66</b>	<b>209.87</b>

Movement in present value of defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Defined Benefit Obligation, Beginning of Period	318.69	289.08
Current Service Cost	22.46	20.48
Interest Cost	22.36	21.23
Actual Plan Participants' Contributions	-	-
Actuarial (gain)/loss arising from change in financial assumption	5.96	4.93
Actuarial gain/(loss) arising from change in demographic assumption	-0.02	-
Actuarial (gain)/loss arising from experience adjustment	-3.89	5.72
Actual Benefits Paid	-15.44	-22.75
Past Service Cost	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>350.12</b>	<b>318.69</b>

## Notes to financial statements for the year ended 31st March 2020

Movement in fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening Fair value of plan assets	108.82	125.91
Interest Income	7.63	9.25
Employers Contribution	-	21.01
Benefits Paid	-	-45.24
Actuarial gain/(loss) on plan assets	-	-2.11
<b>Closing Fair value of plan assets</b>	<b>116.45</b>	<b>108.82</b>

The plan assets are managed by the gratuity trust formed by company. The management of funds is entrusted with Life Insurance Corporation of India ("LIC").

### Sensitivity Analysis

(₹ in Lakhs)

Particulars	As at 31st March, 2020	
	Decrease	Increase
Defined Benefit Obligation (Base)		350.12
Discount Rate	358.07	342.49
Impact of increase/decrease in 50 bps on DBO	2.3%	-2.2%
Salary Growth Rate	342.41	358.08
Impact of increase/decrease in 50 bps on DBO	-2.20%	2.30%

Expected Cash Flows	31st March, 2020
Year 1	86.82
Year 2 to 5	174.87
Year 6 to 10	138.60
More than 10 Years	60.26

## Notes to financial statements for the year ended 31st March 2020

### 36 FINANCIAL INSTRUMENTS

#### Financial assets & liabilities

The accounting classification of each category of financial instruments, their carrying amounts and fair value amounts are set out below:

#### As at 31st March, 2020

(₹ in Lakhs)

Financial assets	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Investment	-	6.30	6.30	6.30
Trade receivables	-	3,078.13	3,078.13	3,078.13
Cash & bank balance	-	263.74	263.74	263.74
Other financial assets	-	685.92	685.92	685.92
<b>Total</b>	-	<b>4,034.10</b>	<b>4,034.10</b>	<b>4,034.10</b>

#### As at 31st March 2019

(₹ in Lakhs)

Financial assets	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Investment	-	6.30	6.30	6.30
Trade receivables	-	3,822.10	3,822.10	3,822.10
Cash & bank balance	-	187.79	187.79	187.79
Other financial assets	-	721.36	721.36	721.36
<b>Total</b>	-	<b>4,737.54</b>	<b>4,737.54</b>	<b>4,737.54</b>

#### As at 31st March 2020

(₹ in Lakhs)

Financial liabilities	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings*	-	6,337.09	6,337.09	6,337.09
Trade payables	-	3,687.85	3,687.85	3,687.85
Other financial liabilities	-	391.01	391.01	391.01
<b>Total</b>	-	<b>10,415.95</b>	<b>10,415.95</b>	<b>10,415.95</b>

#### As at 31st March 2019

(₹ in Lakhs)

Financial liabilities	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings*	-	6,399.54	6,399.54	6,399.54
Trade payables	-	4,049.06	4,049.06	4,049.06
Other financial liabilities	-	272.78	272.78	272.78
<b>Total</b>	-	<b>10,721.37</b>	<b>10,721.37</b>	<b>10,721.37</b>

\*Part of long term borrowing which is payable in next 12 month is shown under current liabilities.

## Notes to financial statements for the year ended 31st March 2020

### 37 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the group's assets  
Quantitative disclosures fair value measurement hierarchy for assets at March 31, 2020

(₹ in Lakhs)

Particulars	Date of Valuation	Total	Quoted price in active market (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial Assets					
Assets measured at fair value:					
Investment	31-Mar-20	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for assets at March 31, 2019

Particulars	Date of Valuation	Total	Quoted price in active market (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Financial Assets					
Assets measured at fair value:					
Investment	31-Mar-19	-	-	-	-

### 38 FINANCIAL RISK MANAGEMENT OBJECTIVE & POLICIES

The company's principal financial liabilities, other than derivatives, comprise borrowings, trade payable, other payable, security deposits, un paid dividend. The company's principal financial assets includes investments, trade and other receivables, cash & cash equivalents that derived directly from its operation. The company's financial risk management is an integral part of how to plan and execute its business strategies.

The company is exposed to various business risk such as market risk, credit risk, and liquidity risk.

The company's senior management oversees the management of these risk. The company has system based approach to risk management, established policies and procedures, and internal financial controls with object to ensure early identification, evaluation and management of key financial risk.

Accordingly the company's risk management frame work has objective of ensuring that such risk are managed with acceptable & approved parameters in disciplined and consistent manner and in compliance with applicable regulation. The board of directors reviews policies for managing each of these risk which are summarised below.

**Market risk-** Market risk is risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in market prices. The company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The company enter into derivative financial instruments to manage its exposure to foreign currency risk including forward foreign exchange contracts to hedge the exchange rate risk arising on import and exports.

## Notes to financial statements for the year ended 31st March 2020

### Foreign Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting are as follows:

Particulars	Liabilities (Foreign Currency) (In Mn.)		Assets (Foreign Currency) (In Mn.)	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
In US Dollars (USD)	7.56	6.10	8.50	11.73
In Australian Dollars (AUD)	-	-	0.09	-
In Euro (EUR)	-	-	0.37	0.13

Particulars	Liabilities (₹ in Lakhs)		Assets (₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
In US Dollars (USD)	555.26	433.06	605.17	822.04
In Australian Dollars (AUD)	-	-	4.35	-
In Euro (EUR)	-	-	29.29	10.27

### Foreign currency sensitivity analysis

The Company is mainly exposed to the currency: USD and EUR

The following table details the company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the exposure outstanding on receivables and payables in the company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. A positive number below indicates an increase in the profit or equity share where the Rupee Strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balanced below would be negative.

### Impact on profit or loss and total equity

Particulars	USD impact	
	As at 31st March, 2020	As at 31st March, 2019
Increase in exchange rate by 5%	2.50	19.45
Decrease in exchange rate by 5%	-2.50	-19.45

Particulars	AUD impact	
	As at 31st March, 2020	As at 31st March, 2019
Increase in exchange rate by 5%	0.22	-
Decrease in exchange rate by 5%	-0.22	-



## Notes to financial statements for the year ended 31st March 2020

Particulars	EUR impact	
	As at 31st March, 2020	As at 31st March, 2019
Increase in exchange rate by 5%	1.46	-
Decrease in exchange rate by 5%	-1.46	-

The company in accordance with its risk management policies and procedures, enter into foreign currency forward contracts to manage its exposure in foreign exchange rate variations. The counter party is generally a bank. These contracts are for a period between one month and 11 month. The above sensitivity does not include the impact of foreign currency forward contracts which largely mitigate the risk.

### Derivate instruments:

The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to accounts receivable and accounts payable. The uses of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

The following forward exchange rate contracts are outstanding as at balance sheet date:

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Number of contracts	Amount (₹ in Lakhs)	Foreign Currency (In Mn.)	Number of contracts	Amount (₹ in Lakhs)	Foreign Currency (In Mn.)
Receivable	14	1,550	USD 2.1	0	0	0

The line item in the Balance Sheet that includes the above hedging instruments are "other financial assets and other financial liabilities".

### Equity risk

There is no material equity risk relating to the company's equity investments which are detailed in note 6 "Investments".

### Interest risk

There is no material interest risk relating to the company's financial liabilities which are detailed in note 17, 18 and 19.

### Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the company. The company uses its own trading records to evaluate the credit worthiness of its customers. The Company's exposure are continuously monitored and the aggregate value of transactions concluded, are spread amongst approved counter parties (refer note 9 - Trade receivable).

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves, bank facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### Liquidity risk table

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

## Notes to financial statements for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying Amount
<b>As at 31 March, 2020</b>					
Borrowings	4,445.41	2,174.16	-	6,619.58	6,619.58
Other financial liabilities at amortised cost	3,796.38	-	-	3,796.38	3,796.38
	<b>8,241.79</b>	<b>2,174.16</b>	-	<b>10,415.95</b>	<b>10,415.95</b>
<b>As at 31 March, 2019</b>					
Borrowings	4,236.96	2,398.34	-	6,635.30	6,635.30
Other financial liabilities at amortised cost	4,086.07	-	-	4,086.07	4,086.07
	<b>8,323.03</b>	<b>2,398.34</b>	-	<b>10,721.37</b>	<b>10,721.37</b>

Borrowing includes short term working capital limits from Banks which generally get renewed every year. (Refer No. 14)

Borrowing includes part of long term borrowing which is payable in next 12 months

### 39 CAPITAL MANAGEMENT

For purpose of company capital management, capital includes equity attributable to equity holders of the company and all other equity reserves. the primarily objective of the company capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. Company declare dividends or adjust dividend payments after considering required capital structure

No changes were made in the objectives , policies or process for managing capital during the year ended Mar 31, 2019, Mar 31, 2018, Mar 31, 2017, and Apr 1, 2016

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity Share capital	539.40	539.40
Free Reserve	1,628.55	2,008.15
Reserve to share capital ratio (in no of times)	3.02	3.72

**40 Investors' Protection Fund** : A sum of ₹ 0.40 Lakhs relating to Financial Year 2011-12 is transferred to the credit of Investors' Protection Fund and there is no due and outstanding for transfer to the credit of the Investors' Protection Fund as on 31.03.2020 (Previous Year ₹ 0.75 Lakhs).

**41** The company has decided to apply for compounding under section 441 of the Companies Act, 2013 of matter arose out of the inspection by MCA. Since the matter is not finalized its impact on the account could not be ascertained. Once the same is decided by the competent authority, the same shall be accounted for in the year in which it is determined.

**42** Previous year's figures have been regrouped and / or reclassified wherever necessary to conform to this year's classification.

As per our report of even date

#### For Jaju & Kabra

Chartered Accountants  
(FRN 140398W)

Sd/-

**Rahul Jaju**

Partner

Membership No. 164021

Place: Aurangabad

Date: 29th June 2020

**For and on behalf of the board of directors of Akar Auto Industries Limited**

Sd/-

**R.L. Gupta**

Chairman

DIN:00061861

Sd/-

**Mitesh Gadhiya**

Company Secretary

Place: Aurangabad

Date: 29th June 2020

Sd/-

**Sunil Todi**

Managing Director

DIN:00061952

Sd/-

**N.K. Gupta**

Director

DIN:00062268



# BOOK-POST



**AKAR AUTO INDUSTRIES LIMITED**

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Baroda Street, Carnac Bunder  
Mumbai - 400009