

26 May 2015

**CMP:** Rs.28.0

**Industry:** Industrial Machinery

**BSE group:** B

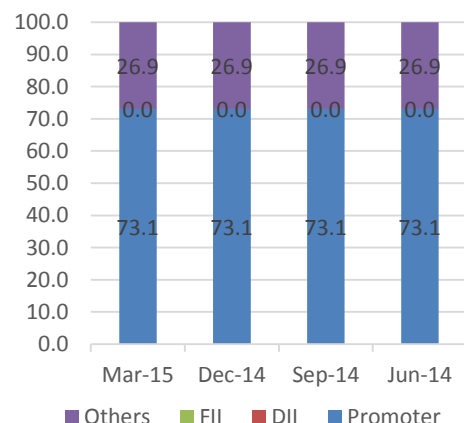
**Promoters**

R. L. Gupta, his family and group companies

**Key Data** (as on 26-May-15)

|                                  |              |
|----------------------------------|--------------|
| BSE                              | 530621       |
| ISIN                             | INE864E01013 |
| Face Value (Rs.)                 | 10.0         |
| Mkt Cap (Rs. mn)                 | 151.0        |
| Current P/E                      | 15.4         |
| Current P/BV                     | 0.6          |
| 52 week low-high                 | 17-35.95     |
| 30 days avg daily trading volume | 1232.2       |
| Equity capital (Rs mn)           | 53.9         |
| Net worth (Rs mn)                | 248.4        |

**Shareholding Pattern (%)**



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**Company business**

Akar Tools Ltd., is a forward integrated enterprise of the Rs 6.2 bn Aarel Group of Industries, situated at Waluj - Aurangabad, Maharashtra. ATL manufactures hi-quality precision engineered hand tools, auto leaf springs, parabolic springs and commercial automotive forgings for sale in India and exports to Europe, USA, Japan, Australia etc. It has four manufacturing units in Aurangabad. The company has a GS certification from TUV (Rheinland) Safety GmbH, Germany, for its spanners. ATL has a workforce of over 400 personnel. ATL conceptualizes, designs and manufactures spanners, wrenches, carpenter / striking tools, automotive / construction tools, tool aprons, tool packaging and electrical / electronic tools using state-of-art Makino CNC machines, Collocate polishing machines, vibrators etc.

**Financials**

| Particulars (Rs in mn)      | Jan '15 to Mar '15 | Jan '14 to Mar '14 | % Change <sup>1</sup> | Oct '14 to Dec '14 | % Change <sup>2</sup> |
|-----------------------------|--------------------|--------------------|-----------------------|--------------------|-----------------------|
| Total income                | 435.8              | 337.7              | 29.1%                 | 447.4              | (2.6%)                |
| Total operating expenditure | 409.6              | 316.4              | 29.5%                 | 420.8              | (2.7%)                |
| EBIDTA                      | 26.2               | 21.3               | 23.1%                 | 26.6               | (1.5%)                |
| EBIDTA margin               | 6.0%               | 6.3%               | -                     | 5.9%               | -                     |
| PBT                         | 4.3                | 4.1                | 5.4%                  | 4.8                | (10.0%)               |
| PAT                         | 0.8                | (0.7)              | -                     | 3.3                | (74.8%)               |
| PAT margin                  | 0.2%               | (0.2%)             | -                     | 0.7%               | -                     |
| Cash accruals               | 8.5                | 5.3                | 59.4%                 | 10.7               | (21.0%)               |
| EPS                         | 0.2                | -                  | -                     | 0.6                | (75.4%)               |

<sup>1</sup> compared to corresponding quarter in the previous year

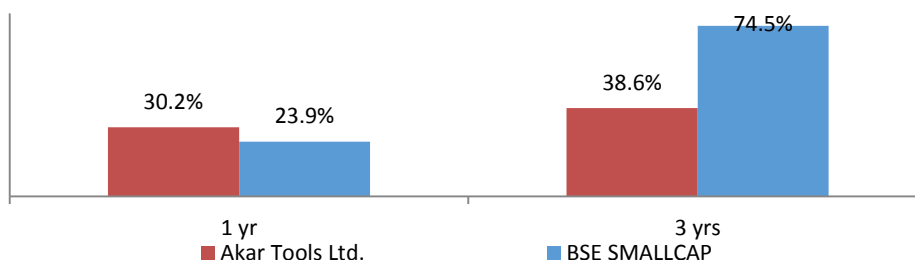
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

Linked to the improvement in fortunes of the auto and manufacturing industry, Akar tools achieved a growth of 29.1% in turnover from Rs. 337.7 mn in QE Mar 14 to Rs. 435.8 mn in QE Mar 15. Profitability also improved due to lower cost of inputs and depreciation charges. PAT for QE Mar 15 was up to Rs 0.8 mn from a loss of Rs (0.7) mn in QE Mar 14. Akar Tools is working towards penetrating new markets in India and pushing sales abroad with various OEM's, the benefits of which are visible in FY15. Main clients in India are Greaves Cotton, M&M, Piaggio Vehicles, Kirloskar Oil Engines, Bajaj Auto, Maruti Enterprise, Ashok Leyland, Tata Motors. Exports are to global giants such as Wal Mart, K-Mart, Stanley Tools etc. in the DIY segment.

**Share Price Performance**



**Financials**

| <b>P&amp;L (Rs. mn)</b> | <b>FY12</b> | <b>FY13</b> | <b>FY14</b> |
|-------------------------|-------------|-------------|-------------|
| Total income            | 1,429.50    | 1,420.60    | 1426.4      |
| EBIDTA                  | 112.1       | 93.2        | 86.9        |
| EBIDTA margin           | 8%          | 7%          | 6%          |
| Depreciation            | 22.9        | 23.6        | 24.1        |
| EBIT                    | 89.2        | 69.6        | 62.8        |
| Interest                | 62.2        | 53.8        | 49.1        |
| PBT                     | 27          | 15.8        | 13.7        |
| Tax                     | 4.7         | 6.5         | 6.7         |
| PAT                     | 22.3        | 9.3         | 6.9         |
| PAT Margin              | 2%          | 1%          | 0%          |
|                         | -           | -           | -           |
| Dividend Payout         | 3.1         | 3.1         | 3.8         |

| <b>Valuation ratios</b> | <b>FY12</b> | <b>FY13</b> | <b>FY14</b> |
|-------------------------|-------------|-------------|-------------|
| P/E                     | 7.4         | 10.1        | 19.9        |
| P/BV                    | 0.7         | 0.4         | 0.6         |

| <b>Balance Sheet (Rs. mn)</b>                 | <b>FY12</b>    | <b>FY13</b>    | <b>FY14</b>    |
|---|----------------|----------------|----------------|
| Total Share Capital                           | 53.9           | 53.9           | 53.9           |
| Share Application Money, Share Warrants, etc. | -              | -              | -              |
| Reserves & Surplus                            | 185.2          | 191.4          | 194.5          |
| <b>Networth</b>                               | <b>239.1</b>   | <b>245.3</b>   | <b>248.4</b>   |
| Borrowings                                    | 452.1          | 378.7          | 353.8          |
| Current Liabilities & provisions              | 373.5          | 416.6          | 450.6          |
| Net Deferred Tax Liabilities                  | 45.8           | 48.6           | 51.0           |
| <b>Total Liabilities</b>                      | <b>1,110.5</b> | <b>1,089.2</b> | <b>1,103.8</b> |
| Net Fixed Assets                              | 361.5          | 352.4          | 343.3          |
| Investments                                   | 11.6           | 11.6           | 11.6           |
| Loans & Advances                              | 65.1           | 55.5           | 97.4           |
| Current Assets                                | 672.3          | 669.7          | 651.9          |
| <b>Total Assets</b>                           | <b>1,110.5</b> | <b>1,089.2</b> | <b>1,103.8</b> |

| <b>Cash Flow (Rs.mn)</b> | <b>FY12</b> | <b>FY13</b> | <b>FY14</b> |
|--------------------------|-------------|-------------|-------------|
| PBT                      | 27.0        | 15.8        | 13.7        |
| CF from Operation        | 42.1        | 132.0       | 61.8        |
| CF from Investment       | (29.4)      | (14.5)      | (15.5)      |
| CF from Financing        | (10.4)      | (127.8)     | (42.6)      |
| Inc/(dec) Cash           | 2.3         | (10.3)      | 4.1         |
| <b>Closing Balance</b>   | <b>18.6</b> | <b>8.3</b>  | <b>12.5</b> |

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