



India's Leading Power Tool Company

37th Annual Report 2012 - 2013

KULKARNI POWER TOOLS LTD.

Regd. Office : Shirol - 416 103, Dist. Kolhapur

CHAIRMAN EMERITUS

P. D. GUNE

BOARD OF DIRECTORS

S. N. INAMDAR	Chairman
P. A. KULKARNI	Vice Chairman & Managing Director
M. L. APTE	
D. C. SHROFF	
S. S. SHIRGAOKAR	
S. C. KIRLOSKAR	
D. B. KULKARNI	Executive Director

BANKERS

Bank of Maharashtra, Sangli

IDBI Bank Ltd., Sangli

AUDITORS

M/s. P. G. Bhagwat
Chartered Accountants
Suite No. 101-102, "Orchard"
Dr. Pai Marg, Baner,
Pune - 411 045

Kulkarni Power Tools Ltd.

Shirol - 416 103, Dist. Kolhapur

NOTICE

NOTICE is hereby given that the Thirty-seventh Annual General Meeting of the Members of Kulkarni Power Tools Ltd., will be held on Thursday, the 1st day of August, 2013, at 4.00 p.m, at the Registered Office of the Company at Shirol-416 103, Dist.Kolhapur, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.M.L.Apte, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.D.C.Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

**Kolhapur
29th May, 2013**

**Dilip Kulkarni
Executive Director**

NOTES :

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2] The Register of Members and the Share Transfer Books of the Company will remain closed from 25th July, 2013 to 1st August, 2013 (both days inclusive).
- 3] Dividend as recommended by the Directors, if approved at the meeting, will be payable to those members whose names appear on the Register of Members on 1st August, 2013.
- 4] The Company has transferred the unclaimed dividends declared upto the financial year 2005 to the Investor Education and Protection Fund of the Central Government. All Members who have either not received or have not encashed dividends for the financial years 2006 to 2012 are requested to write to the Company's Share Department at the aforesaid address for issuance of duplicate dividend warrant(s), mentioning the relevant Folio No.(s) or Client ID No.

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- 5] Members / Proxies are requested to bring their copies of the Annual Reports as the practice of distributing copies at the time of meeting has since been discontinued.
- 6] Members intending to require information about accounts to be explained in the Annual General Meeting are requested to inform the Company atleast seven days in advance of the meeting.
- 7] Members are requested to notify immediately any change of their address.
- 8] The Securities and Exchange Board of India has directed compulsory trading of Company's scrip in dematerialised form by all investors. The Equity Shares of the Company are available for Dematerialisation with National Securities Depository Limited and Central Depository Services (India) Limited.
- 9] The Company has appointed M/s.Link Intime India Pvt.Ltd., to act as Registrar and Share Transfer Agents of the Company. The members are requested to send all share transfers and other correspondence to M/s. Link Intime India Pvt.Ltd., at the following address:
- M/s. Link Intime India Pvt.Ltd.,
Unit: Kulkarni Power Tools Limited
Block No.2, Akshay Complex,
Near Ganesh Temple,
Dhole-Patil Road,
Pune – 411 001
- 10] Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in enclosed Form 2B to the Registrar and Transfer Agents, M/s. Link Intime India Pvt.Ltd., Unit : Kulkarni Power Tools Ltd., at Pune.

By Order of the Board of Directors

Kolhapur
29th May, 2013

Dilip Kulkarni
Executive Director

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 37th Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS :

		In ₹
	2013	2012
Turnover	863,059,614	898,738,023
Profit Before Interest, Depreciation & Tax	97,424,128	99,470,937
Less : Interest	39,928,521	40,928,034
Less : Depreciation	38,779,379	38,441,810
Profit Before Tax	18,716,228	20,101,093
Less : Provision for Taxation including Deferred Tax Liability	4,780,837	6,451,120
Profit After Tax	13,935,391	13,649,973
Add : Amount brought forward from last year	29,926,299	25,746,054

APPROPRIATIONS :

Profit available for Appropriation	43,861,690	39,396,027
Proposed Dividend	3,400,000	2,125,000
Tax on Proposed Dividend	577,830	344,728
Transfer to General Reserve	1,100,000	7,000,000
Balance carried forward to Balance Sheet	38,783,860	29,926,299

MANAGEMENT REVIEW :

Understanding the evolving need of the markets for both Power Tools and Blowers, your Company has taken many steps to address the product gaps. We expect the visibility of the result of all such steps by the current year end.

During the year under review, Industrial relations continued to be harmonious. Your Company is following transparency and good corporate governance practices in all its operations.

The FOB value of exports during the year is ₹ 1,314.25 lacs which was ₹ 1,241.56 lacs in the previous year.

DIVIDEND :

Your Directors are pleased to recommend a payment of dividend at the rate of 20% for the year ended 31st March, 2013.

FIXED DEPOSITS :

During the year, the Company accepted Fixed Deposits of ₹ 5,00,000 and repaid the Fixed Deposits of ₹ 15,11,000. Whereas, one deposit of ₹ 15,000 was due for repayment but remained unclaimed.

OTHER STATUTORY INFORMATION :

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure "A" forming part of this report.

DIRECTORS :

Mr.M.L.Apte and Mr.D.C.Shroff, Directors, retire by rotation on the date of the Annual General Meeting and, being eligible, they offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the information received from the management, confirm that -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

AUDITORS :

M/s.P.G.Bhagwat, Chartered Accountants, Pune, Auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT :

The Directors wish to acknowledge with deep sense of appreciation for continued efforts of Mr.Prakash Kulkarni, Managing Director and Mr.Dilip Kulkarni, Executive Director, in the progress of the Company.

The Directors take this opportunity to express their gratitude for the timely support, advice and cooperation from Banks and Financial Institutions. At the same time, Board of Directors sincerely appreciates and thanks its esteemed Shareholders for their continued support and confidence reposed in the Company.

Your Directors also wish to express their thanks to all the employees for their contribution, during the year.

For & On behalf of the Board of Directors

**Kolhapur
29th May, 2013**

**S.N.Inamdar
Chairman**

ANNEXURE 'A' TO THE DIRECTORS' REPORT

[Particulars as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013]

A) CONSERVATION OF ENERGY

This industry does not fall under Schedule prescribed under Rule(2). Efforts are made to keep the consumption of Power and Fuel to a minimum level. Kulkarni Power Tools Ltd., also generate clean power by use of wind power.

B) TECHNOLOGY ABSORPTION - FORM B

1) Specific areas in which R & D carried out :

Company's development efforts are focussed on -

- Enhancing life of electric motors,
- Reducing maintenance cost of products,
- Development of new products/designs/ procedures/methods/materials/ machines/tools in existing products/processes in related manufacturing areas,
- Improving the electrical characteristics of the motors.

2) Benefits derived as a result of above R&D :

- Improved performance/longer service life of product,
- Complete safety,
- Cost reduction,
- Enhancement of quality and service to the customers.

3) Future plan of action :

Company plans to continue development activities on the above lines.

4) Expenditure on R&D :

Expenditure of revenue nature incurred on R&D is charged under the respective heads. Capital expenditure on acquisition of assets for R&D, if any, is depreciated as Plant & Machinery.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The Company has not imported any technology during the last ten years. There is a continuous flow of information between the Company and the key suppliers from abroad. The Company's key managers also visit various markets and are exposed to latest products and technologies. Interaction with Suppliers of key components, on a regular basis, keeps the Company abreast with the latest development in product technology, manufacturing process and methods, quality assurance, marketing and management systems. We have, over the years, built requisite infrastructure and technically competent manpower to translate and adopt the latest technical know-how into improved products for our customers.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings	:	₹ 1,314.25 Lacs	
Outgo	:	a) Material	₹ 1,731.86 lacs
		b) Others	₹ 18.12 lacs
		Total	₹ 1,749.98 lacs

For & On behalf of the Board of Directors

Kolhapur
29th May, 2013

S.N.Inamdar
Chairman

FORM
[SEE RULE 3]

CIN : L29130MH1976PLC019147
Nominal Capital : ₹ 8,00,00,000

COMPLIANCE CERTIFICATE

To,
The Members,
Kulkarni Power Tools Limited
Shirol 416 103, Dist.: Kolhapur

We have examined the registers, records, books and papers of **M/s. Kulkarni Power Tools Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government within/ beyond the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, comment is not required.
4. The Board of Directors duly met Five times on 29.05.2012, 11.08.2012, 29.09.2012, 08.11.2012 and 11.02.2013 in respect of which proper notices of meetings were given and the proceedings were properly recorded and signed.
5. The Company closed its Register of Members from 25.09.2012 to 29.09.2012 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 29.09.2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary general meeting was held during the Financial Year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.

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13. The Company has:
- (i) delivered all the certificates on lodgment thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) deposited the amount of dividend declared in a separate Bank Account on 1st October, 2012, which is within five days from the date of declaration of such dividend.
 - (iii) paid / posted warrants for dividend to all members within a period of thirty days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the said bank i.e. IDBI Bank Limited and The Federal Bank Limited.
 - (iv) transferred the amounts in unpaid dividend account, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The appointment of Whole Time Director has been made in compliance with the provisions of the Act and approval of Central Government has been obtained.
16. The Company has not appointed any Sole Selling Agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, National Company Law Tribunal, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares / debentures / other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares / debentures during financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975, in respect of deposits accepted including the unsecured loans taken amounting to ₹ 2,60,00,000 raised by the Company during the year and the Company has filed the copy of statement in lieu of advertisement with the Registrar of Companies, Maharashtra, Pune on 4.10.2012. The Company has also filed return of deposit with the Registrar of Companies Maharashtra, Pune.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2013, are within the borrowing limits of the Company.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the register kept for the purpose.
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26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For MRM ASSOCIATES
COMPANY SECRETARIES

CS M. B. KASODEKAR
PARTNER
C. P. No.: 1681

Place : Pune
Date : 14th May, 2013

Annexure "A"
Statutory Registers

Sr. No.	Name of Register Maintained	Section
1.	Register of Deposits	Rule 7
2.	Register of Charges	136 & 143
3.	Register of Members	150
4.	Index of Members	151
5.	Minutes Books	193
6.	Books of Accounts & Cost Records	209
7.	Register of Contracts	301
8.	Register of Disclosure	301
9.	Register of Directors	303
10.	Register of Directors' Shareholdings	307
11.	Register of Investments or Loans made, Guarantee given or Security provided	372A
12.	Register of renewed and duplicate share certificates	Rule 7

Annexure “B”

Forms and Returns as filed by the Company with the Registrar of Companies, Central Government during the financial year ending on 31st March, 2013.

Sr. No.	Form No. / Return	Filed under Section	Particulars	Date of event	Date of filing	Whether filed within the prescribed time	If delay in filing, whether requisite additional fees paid Yes/No
1.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed matured deposits for F.Y. 2005-06	14.05.2012	14.05.2012	YES	NA
2.	Form 8	125	Creation of Charge	19.04.2012	18.05.2012	YES	NA
3.	Form 8	125	Creation of Charge	21.04.2012	18.05.2012	YES	NA
4.	Form 8	125	Creation of Charge	26.04.2012	18.05.2012	YES	NA
5.	Form 8	125	Creation of Charge	17.05.2012	08.06.2012	YES	NA
6.	Form 23C	233B	Appointment of Cost Auditor for Windmill	10.02.2012	20.06.2012	YES	NA
7.	Form 23C	233B	Appointment of Cost Auditor	29.05.2012	23.06.2012	YES	NA
8.	Form 25C	269	Remuneration of Executive Director	01.04.2012	28.06.2012	YES	NA
9.	Form 62	58A	Return of Fixed Deposit	31.03.2012	29.06.2012	YES	NA
10.	Form 8	125	Creation of Charge	26.06.2012	25.07.2012	YES	NA
11.	Form 5 INV		Unclaimed Dividend upto 31.03.2011	31.03.2011	30.08.2012	YES	NA
12.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed matured deposits for F.Y. 2005-06	03.09.2012	03.09.2012	YES	NA
13.	Form 62	58A	Statement in lieu of Advertisement	-----	04.10.2012	YES	NA
14.	Form 23	192	Registration of Special Resolution	29.09.2012	04.10.2012	YES	NA
15.	Form 66	383A	Secretarial Compliance Certificate for the year ended 31.03.2012	29.09.2012	22.10.2012	YES	NA
16.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed Dividend for F.Y. 2004-05.	29.10.2012	29.10.2012	YES	NA
17.	Form 20B	159	Annual Return made upto the date of AGM	29.09.2012	07.11.2012	YES	NA
18.	Form 17	138	Satisfaction of Charge	15.10.2012	10.11.2012	YES	NA

Sr. No.	Form No. / Return	Filed under Section	Particulars	Date of event	Date of filing	Whether filed within the prescribed time	If delay in filing, whether requisite additional fees paid Yes/No
19.	Form 17	138	Satisfaction of Charge	12.11.2012	28.11.2012	YES	NA
20.	Form 17	138	Satisfaction of Charge	12.11.2012	29.11.2012	YES	NA
21.	Form 17	138	Satisfaction of Charge	17.12.2012	20.12.2012	YES	NA
22.	Form 17	138	Satisfaction of Charge	17.12.2012	20.12.2012	YES	NA
23.	Form 17	138	Satisfaction of Charge	13.12.2012	07.01.2013	YES	NA
24.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed matured deposits for F.Y. 2005-06	14.01.2013	14.01.2013	YES	NA
25.	Form 23AC & 23ACA	210, 220	Balance Sheet and Profit and Loss Account for the financial year ended on 31.03.2012	29.09.2012	09.02.2013	YES	NA
26.	Form 17	138	Satisfaction of Charge	13.03.2013	28.03.2013	YES	NA

The Company has submitted Form 1 to the Registrar of Companies, Maharashtra, Pune alongwith the Challan for depositing the amount towards the Unpaid Dividends and Unclaimed Deposits corresponding to the financial year 2004-05 and 2005-06 as per the Investor Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001, on 14.05.2012, 03.09.2012, 29.10.2012 and 14.01.2013, respectively.

For MRM ASSOCIATES
COMPANY SECRETARIES

CS M. B. KASODEKAR
PARTNER
C. P. No.: 1681

Place : Pune
Date : 14th May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KULKARNI POWER TOOLS LIMITED

We have audited the accompanying financial statements of Kulkarni Power Tools Limited ("the Company"), which comprise the Balance Sheet as at 31st March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

1) Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

2) Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

4) Report on Other Legal and Regulatory Requirements

- A.** As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- B.** As required by Section 227(3) of the Act, we report that :
- (a)** We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d)** In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Act.
 - (e)** On the basis of the written representations received from the directors as on 31st March, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Act.

Place : Kolhapur
Date : 29th May, 2013

For M/s P. G. BHAGWAT
Chartered Accountants
Firm Registration No: 101118W

Nikhil M. Shevade
Partner
Membership No: 217379

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 4(A) of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management at reasonable intervals. According to information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets, which were disposed off during the year, do not form substantial part of the fixed assets owned by the Company.
- (ii) (a) The inventory was physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Accordingly, the provisions of Clause 4(iii)(b), (c) & (d) of the Companies (Auditor's Report) order, 2003, are not applicable to the Company.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained as per Section 301 of the Companies Act, 1956.
- (d) Accordingly, the provisions of Clause 4 (iii) (f) & (g) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there were adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or agreements referred to in Section 301 of the Act, have been entered in the Register required to be maintained under that section; and
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board in respect of the said provisions.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March for a period of more than six months from the date they became payable.

- (b) According to information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned below.

Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	233,690	2005-06	Jt. Commissioner of Sales Tax (Appeal), Kolhapur
Central Excise	459,569	2007-08 to 2011-12	Dy. Commissioner of Central Excise, Kolhapur

- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the Company is regular in repayment of dues to a financial institution or bank.
- (xii) According to information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of Clause 4 (xii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

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- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xiv) According to information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The shares and other investments of the Company have been held by the Company in its own name.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the Company has not made any preferential allotment of any shares to parties and companies covered under Section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the Company has no outstanding debentures during the year. Accordingly, the provisions of Clause 4 (xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xx) According to information and explanation given to us, the Company has not made any public issue during the year to raise money. Accordingly, the provisions of Clause 4 (xx) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xxi) According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s P. G. BHAGWAT
Chartered Accountants
Firm Registration No: 101118W

Nikhil M. Shevade
Partner
Membership No: 217379

Place : Kolhapur
Date : 29th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	2013	In ₹ 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	17,000,000	17,000,000
(b) Reserves and Surplus	2	262,910,371	252,952,810
		<u>279,910,371</u>	<u>269,952,810</u>
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	134,242,848	176,975,690
(b) Deferred Tax Liabilities (Net)	4	36,382,855	41,514,701
(c) Other Long-Term Liabilities	5	3,044,216	2,759,216
(d) Long-Term Provisions	6	10,105,901	8,054,667
		<u>183,775,820</u>	<u>229,304,274</u>
(3) Current Liabilities			
(a) Short-Term Borrowings	7	230,503,816	203,500,496
(b) Trade Payables	39	120,559,590	114,778,982
(c) Other Current Liabilities	8	101,606,989	95,483,388
(d) Short-Term Provisions	9	15,672,088	10,466,524
		<u>468,342,483</u>	<u>424,229,390</u>
	TOTAL	<u>932,028,674</u>	<u>923,486,474</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		397,525,091	418,440,892
(ii) Intangible Assets		709,990	614,267
(iii) Capital Work-in-progress		1,318,647	2,736,559
(b) Non-Current Investments	11	710,000	710,000
(c) Long-Term Loans and Advances	12	6,317,404	6,965,140
(d) Other Non-Current Assets	13	—	5,892,967
		<u>406,581,132</u>	<u>435,359,825</u>
(2) Current Assets			
(a) Inventories	14	228,192,140	185,113,795
(b) Trade Receivables	15	243,325,693	238,124,691
(c) Cash and Bank Balances	16	22,457,897	23,112,265
(d) Short-Term Loans and Advances	17	30,571,822	40,477,397
(e) Other Current Assets	18	899,990	1,298,501
		<u>525,447,542</u>	<u>488,126,649</u>
	TOTAL	<u>932,028,674</u>	<u>923,486,474</u>

Notes forming part of the Accounts and Significant Accounting Policies 27 to 48

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants

Nikhil M. Shevade
Partner

Place : Kolhapur
Date : 29th May, 2013

For and On behalf of the Board of Directors

P.A. Kulkarni
Vice Chairman & Managing Director

S.N. Inamdar
Chairman

Place : Kolhapur
Date : 29th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		In ₹	
	Note No.	2013	2012
I. Revenue from Operations			
Sales of products		948,050,011	973,445,371
Less : Excise Duty		84,990,397	74,707,348
	36 & 37	<u>863,059,614</u>	<u>898,738,023</u>
Other operating revenues		6,296,136	6,124,684
		<u>869,355,750</u>	<u>904,862,707</u>
II. Other Income	19	2,050,660	1,907,022
III. Total Revenue (I+II)		<u>871,406,410</u>	<u>906,769,729</u>
Expenses			
Cost of raw materials and components consumed	20	428,436,343	396,012,684
Purchase of stock-in-trade	21	100,354,283	91,189,191
Changes in inventories of finished goods,work-in-progress and stock-in-trade	22	(49,807,954)	22,508,182
Employee benefits expense	23	87,724,818	80,768,954
Finance Costs	24	39,928,521	40,928,034
Depreciation and amortisation expense	25	38,779,379	38,441,810
Other expenses	26	202,569,195	203,635,078
IV. Total Expenses		<u>847,984,585</u>	<u>873,483,933</u>
V. Profit before exceptional, extraordinary items and Tax (III-IV)		23,421,825	33,285,796
VI. Exceptional items			
Net (gain)/loss on foreign currency transactions and translation.		4,705,597	13,184,703
VII. Profit before extraordinary items and tax (V-VI)		18,716,228	20,101,093
VIII. Extraordinary Items		—	—
IX. Profit before Tax (PBT) (VII-VIII)		18,716,228	20,101,093
X. Tax Expense			
Current Tax (including Wealth Tax)		9,912,683	6,605,120
Deferred Tax		(5,131,846)	(154,000)
XI. Profit/(loss) for the period [Profit After Tax (PAT)]		13,935,391	13,649,973
XII. Earnings Per Equity Share - Basic and Diluted	41	4.10	4.00
Notes forming part of the Accounts and Significant Accounting Policies	27 to 48		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants

Nikhil M. Shevade
Partner

Place : Kolhapur
Date : 29th May, 2013

For and On behalf of the Board of Directors

P.A. Kulkarni
Vice Chairman & Managing Director

S.N. Inamdar
Chairman

Place : Kolhapur
Date : 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

In ₹

	2013	2012
A. Cash flow from operating activities		
Net profit before taxation	18,716,228	20,101,090
Adjustments for		
Depreciation	38,779,378	38,441,810
Loss / Profit on sale of fixed assets	291,868	(160,163)
Provision for doubtful receivables	12,500,000	—
Interest income	(1,329,158)	(1,431,517)
Dividend income	(62,600)	(81,850)
Interest expenses	39,928,521	40,928,034
Operating profits before working capital changes	108,824,237	97,797,404
(Increase) / decrease in trade receivables	(17,701,002)	(6,516,547)
(Increase) / decrease in other current and non current assets	10,106,985	(6,243,675)
(Increase) / decrease in inventories	(43,078,345)	40,430,333
Increase / (decrease) in trade payables	5,780,608	(16,357,670)
Increase / (decrease) in current and non current liabilities	16,014,158	(286,260)
Increase / (decrease) in provisions	992,378	583,646
Cash generated from operations	80,939,019	109,407,231
Income tax paid	(5,156,365)	(12,430,900)
Net cash from operating activities	75,782,654	96,976,331
B. Cash flow from investing activities		
Purchase of fixed assets	(19,594,751)	(63,105,916)
Proceeds from sale of fixed assets	1,298,041	699,427
Advance for purchase of fixed assets	407,736	2,569,126
Reimbursement received towards cost of fixed assets	1,463,440	—
Interest received	1,766,259	1,133,671
Dividends received	62,600	81,850
Investment in bank deposits (having original maturity of more than three months)	6,433,321	(3,101,119)
Net cash from investing activities	(8,163,354)	(61,722,961)
C. Cash flow from financing activities		
Proceeds from long term borrowings	5,715,275	35,702,940
Repayment of long term borrowings	(56,226,735)	(35,365,627)
(Repayment)/proceed of/from other borrowings (net)	24,802,557	12,348,166
Interest paid	(39,626,596)	(39,098,918)
Dividends paid	(2,053,087)	(6,632,232)
Tax on dividend paid	(344,728)	(1,103,130)
Net cash used in financing activities	(67,733,314)	(34,148,801)
Net increase in cash and cash equivalents	(114,014)	1,104,569
Cash and cash equivalents at the beginning of the year	14,527,942	13,423,373
Cash and cash equivalents at the end of the year	14,413,928	14,527,942

Notes :

- Cash Flow Statement has been prepared under indirect method set out in Accounting Standard - 3
- Purchase of fixed assets includes movement in Capital Work in Progress.
- Cash and Cash Equivalents are Cash and Bank Balances as per Note 16 in the Balance Sheet.
- Previous year's figures have been regrouped to conform with the current year's presentation.

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants
For and On behalf of the Board of Directors
Nikhil M. Shevade
Partner
P.A. Kulkarni
Vice Chairman & Managing Director
S.N. Inamdar
Chairman
Place : Kolhapur
Date : 29th May, 2013
Place : Kolhapur
Date : 29th May, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 SHARE CAPITAL	In ₹	
(A) Authorised, Issued, Subscribed and Paid-up Share Capital and par value per share	2013	2012
Authorised Share Capital		
10,000,000 Equity Shares of ₹ 5 each (Previous year 10,000,000 equity shares of ₹ 5 each)	50,000,000	50,000,000
3,000,000 Preference Shares of ₹ 10 each (Previous year 3,000,000 preference shares of ₹ 10 each)	30,000,000	30,000,000
	<u>80,000,000</u>	<u>80,000,000</u>
Issued, Subscribed and Fully Paid-up Share Capital		
3,400,000 Equity Shares of ₹ 5 each (Previous year 3,400,000 equity shares of ₹ 5 each)	<u>17,000,000</u>	<u>17,000,000</u>
(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
Number of shares outstanding as at the beginning of the year	3,400,000	3,400,000
Add:		
Number of shares allotted as fully paid up bonus shares during the year	—	—
Number of shares allotted during the year as fully paid-up pursuant to a contract without payment being received in cash	—	—
Number of shares allotted to employees pursuant to ESOPs/ESPs	—	—
Number of shares allotted for cash pursuant to public issue	—	—
Less:	—	—
Number of shares brought back during the year	—	—
Number of shares outstanding as at the end of the year	3,400,000	3,400,000
(C) Rights of equity shareholders		
<p>The Company has only one class of equity shares, having par value of ₹ 5/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors, subject to the necessary approval from the shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.</p> <p>For the year 2012-13, the Directors have recommended dividend @ 20% (i.e. ₹ 1.00 per equity share of ₹ 5 each) [Previous year - 12.5% (i.e. ₹ 0.625 per equity share of ₹ 5 each)]. The amount of dividend including corporate dividend tax works out to ₹ 3,977,830 [Previous year - ₹ 2,469,728].</p>		
(D) Shares in the Company held by each shareholder holding more than 5% shares		
Sr. No.	Name of the shareholder	Number of shares held in the Company
		2013 2012
1	Suvina Engineering Pvt. Ltd.	778,812 778,812
2	Kulkarni Power Tools Employees Welfare Trust	324,000 324,000

NOTES FORMING PART OF FINANCIAL STATEMENTS
2 RESERVES AND SURPLUS

	2013	In ₹ 2012
(A) Capital Reserves		
Balance as per last financial statement :		
Profit on reissue of forfeited shares.	14,926	14,926
Capital subsidy	—	2,280,000
	<u>14,926</u>	<u>2,294,926</u>
Less: Amount transferred to General Reserve	—	2,280,000
	<u>14,926</u>	<u>14,926</u>
(B) Securities Premium Account		
Balance at the beginning and at the end of the year	31,092,928	31,092,928
(C) Revaluation Reserve		
Balance at the beginning and at the end of the year	32,426,523	32,426,523
(D) General Reserve		
Balance as per last financial statement	159,492,134	150,212,134
Add: Amount transferred from Capital Reserve	—	2,280,000
Add: Transferred from Statement of Profit and Loss	1,100,000	7,000,000
	<u>160,592,134</u>	<u>159,492,134</u>
(E) Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	29,926,299	25,746,054
Profit for the year	13,935,391	13,649,973
Less: Appropriations:		
Proposed Dividend on equity shares	3,400,000	2,125,000
Tax on proposed equity dividend	577,830	344,728
Transfer to General Reserve	1,100,000	7,000,000
Net Surplus in the Statement of Profit and Loss	<u>38,783,860</u>	<u>29,926,299</u>
	<u>262,910,371</u>	<u>252,952,810</u>

3 LONG-TERM BORROWINGS
(A) TERM LOANS FROM BANKS (Secured)

Term loan from IDBI Bank Ltd.,(interest @ base rate + 2.5%, secured by hypothecation of Windmill and mortgage of immovable property. Repayable in 72 monthly instalments starting from 31 st July, 2007).	—	2,366,592
Term loan from IDBI Bank Ltd.,(interest @ base rate + 2.5%, secured by hypothecation of machineries and mortgage of immovable property) (Part of the loan constituting original rupee term loan repayable in 17 quarterly instalments starting from 31 st July, 2010 and remaining part constituting conversion of Buyers Credit into Rupee Term Loan during the year repayable in 16 quarterly instalments starting from 30 th June, 2013).	29,109,730	10,491,891

NOTES FORMING PART OF FINANCIAL STATEMENTS

	2013	In ₹ 2012
Buyers Credit from IDBI Bank Ltd., (interest @ Libor + 2% secured by hypothecation of machineries and mortgage of immovable property. Repayable in 16 quarterly instalments after conversion into Rupee Term Loan).	—	45,684,000
Term loan from Bank of Maharashtra (interest @ base rate + 2.5%, secured by hypothecation of dies, moulds and machineries and mortgage of immovable property. Repayable in 20 quarterly instalments starting from 31 st March, 2010).	6,560,932	8,567,947
Term loan from Shree Mahalaxmi Co-Op. Bank Ltd., (interest @ 12.50%, secured by mortgage of immovable property. Repayable in 60 monthly instalments starting from 25 th March, 2010).	3,899,787	8,442,213
Term loan from Samarth Sahakari Bank Ltd., (interest @ 13.25%, secured by mortgage of immovable property. Repayable in 60 monthly instalments starting from 20 th January, 2010).	2,028,249	5,137,434
Buyers Credit from Bank of Maharashtra, (interest @ Libor + 2%, secured by hypothecation of machinery and mortgage of immovable property. Repayable after three years from the date of availment).	7,272,450	6,852,600
Term loan from IDBI Bank Ltd., (interest @ base rate + 2.5%, secured by hypothecation of machineries and mortgage of immovable property. Repayable in 60 monthly instalments starting from 1 st April, 2012).	9,446,513	9,251,772
Term loan from HDFC Bank Ltd., (interest @ 11.25%, secured by Hypothecation of Vehicles acquired out of the loan. Repayable in 36 monthly instalments).	51,598	813,135
Term loan from Axis Bank Ltd., (interest @ 11.10%, secured by Hypothecation of Vehicles acquired out of the loan. Repayable in 36 monthly instalments).	991,864	—
	<u>59,361,123</u>	<u>97,607,584</u>
(B) TERM LOAN FROM OTHERS (Secured)		
Term loan from Tata Capital Services Limited (interest @ 12%, secured by hypothecation of vehicles acquired out of the loan. Repayable in 36 monthly instalments.)	50,069	1,522,407
Total Secured Term Loans	<u>59,411,192</u>	<u>99,129,991</u>
Out of above loans		
Loans guaranteed by Managing Director	58,317,661	96,794,449
(C) PUBLIC DEPOSITS (Unsecured)	15,225,000	14,554,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

	2013	In ₹ 2012
(D) INTEREST FREE SALES TAX DEFERRED PAYMENT LIABILITY (Unsecured)	59,606,656	63,291,699
Out of above:		
i) Liability of ₹ 26,107,000 to be repaid after 10 years from the year in which the Sales Tax is collected. The repayment starts from March, 2012 to March, 2019.		
ii) Liability of ₹ 2,940,000 to be repaid in five yearly equal instalments of ₹ 588,000 after 10 years from March, 2018.		
iii) Liability of ₹ 35,625,000 to be repaid after 10 years from the year in which Sales Tax is collected. The repayment starts from March, 2014 to March, 2023.		
	<u>134,242,848</u>	<u>176,975,690</u>
Note: There is no continuing default as at the Balance Sheet date, in repayment of any of the above loans and interest thereon.		
4 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
On depreciation /amortisation of Fixed Assets	45,120,146	45,805,661
Deferred Tax Assets		
Disallowance u/s 43B of Income Tax Act 1961.	8,737,291	4,290,960
Deferred Tax Liabilities (Net)	<u>36,382,855</u>	<u>41,514,701</u>
5 OTHER LONG-TERM LIABILITIES		
Deposit from Dealers	3,044,216	2,759,216
	<u>3,044,216</u>	<u>2,759,216</u>
6 LONG-TERM PROVISIONS		
Provision for Employee Benefits :		
Provision for Gratuity	8,123,849	7,091,828
Provision for Leave Encashment	1,982,052	962,839
	<u>10,105,901</u>	<u>8,054,667</u>
7 SHORT-TERM BORROWINGS		
(A) LOANS REPAYABLE ON DEMAND FROM BANKS		
Secured :		
Working Capital Loans repayable on demand (secured against hypothecation of stocks and book debts and mortgage of immovable property)	218,413,416	188,500,496
	<u>218,413,416</u>	<u>188,500,496</u>
Out of above loans :		
Loans guaranteed by Managing Director	218,413,416	188,500,496

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2013	2012
(B) OTHER LOANS		
Unsecured :		
Loan from Finance Companies	<u>12,090,400</u>	15,000,000
	<u>12,090,400</u>	15,000,000
Out of above loans :		
Loans guaranteed by Managing Director	4,090,400	4,500,000
	<u>230,503,816</u>	<u>203,500,496</u>

Note: There is no continuing default as at the Balance Sheet date, in repayment of any of the above loans and interest thereon.

8 OTHER CURRENT LIABILITIES

Current maturities of long term debt (Referred to in note 3)	40,657,304	50,704,334
Interest accrued but not due on borrowings	3,669,908	3,300,348
Investor Education and Protection Fund (will be credited by following amounts as and when due):		
Unpaid dividends	1,853,481	1,781,568
Unpaid matured deposits and interest accrued thereon	15,000	341,772
Sales Tax payable	3,401,272	2,212,605
Other payables *	52,010,024	37,142,761
	<u>101,606,989</u>	<u>95,483,388</u>

* Includes statutory dues, advances from customers and other expenses payables

9 SHORT-TERM PROVISIONS

Provision for Employee Benefits :		
Provision for Gratuity	566,241	575,695
Provision for Leave Encashment	870,120	2,119,522
Provision for dividends (Including dividend distribution tax)	3,977,830	2,469,728
Provision for Income Tax (Net of Advance Tax)	8,042,237	3,201,371
Provision for Wealth Tax	115,660	200,208
Provision for Warranty	2,100,000	1,900,000
	<u>15,672,088</u>	<u>10,466,524</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

10. TANGIBLE AND INTANGIBLE ASSETS

In ₹

Particulars	Tangible Assets							Intangible Assets			
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Dies, Moulds & Patterns	Furniture and Fixtures	Vehicles	Total	Technical Know-how	Computer Software	Total
Gross Block											
i) For own use :											
As at 01.04.2011	51,234,488	1,594,055	59,240,509	367,860,232	65,402,628	16,507,046	12,625,877	574,464,835	13,429,182	4,276,909	17,706,091
Additions	—	—	11,306,002	27,463,420	7,340,512	2,899,331	4,418,478	53,427,743	—	679,241	679,241
Other Adjustments	—	—	—	7,135,091	—	—	—	7,135,091	—	—	—
Disposals / Written off	—	—	—	465,395	31,093	—	852,516	1,349,004	—	—	—
As at 31.03.2012	51,234,488	1,594,055	70,546,511	401,993,348	72,712,047	19,406,377	16,191,839	633,678,665	13,429,182	4,956,150	18,385,332
Additions	—	—	977,685	5,974,835	4,813,351	353,307	3,463,079	15,582,257	—	623,746	623,746
Other Adjustments	—	—	—	3,343,226	—	—	—	3,343,226	—	—	—
Disposals / Written off	—	—	—	6,795,134	352,802	2,111,977	673,320	9,933,233	—	—	—
As at 31.03.2013 (A)	51,234,488	1,594,055	71,524,196	404,516,275	77,172,596	17,647,707	18,981,598	642,670,915	13,429,182	5,579,896	19,009,078
ii) Given on Lease :											
At 01.04.2011	—	1,361,315	1,000,000	—	—	—	—	2,361,315	—	—	—
Additions	—	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—	—	—	—	—
As at 31.03.2012	—	1,361,315	1,000,000	—	—	—	—	2,361,315	—	—	—
Additions	—	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—	—	—	—	—
As at 31.03.2013 (B)	—	1,361,315	1,000,000	—	—	—	—	2,361,315	—	—	—
Total (A+B)	51,234,488	2,955,370	72,524,196	404,516,275	77,172,596	17,647,707	18,981,598	645,032,230	13,429,182	5,579,896	19,009,078

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

Depreciation / Amortisation

Particulars	Tangible Assets							Intangible Assets				
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Dies, Moulds & Patterns	Furniture and Fixtures	Vehicles	Total	Technical Know-how	Computer Software	Total	
i) For own use :												
At 01.04.2011	—	230,109	13,255,209	129,234,042	28,942,212	7,903,681	1,644,728	181,209,981	12,500,614	3,693,746	16,194,360	
Charge for the year	—	50,949	1,918,658	25,532,061	7,135,049	702,992	1,472,558	36,812,257	928,568	648,137	1,576,705	
Depreciation on disposals	—	—	—	251,776	4,501	—	553,463	809,740	—	—	—	
As at 31.03.2012	—	281,058	15,173,867	154,514,327	36,072,760	8,606,663	2,563,823	217,212,498	13,429,182	4,341,883	17,771,065	
Charge for the year	—	50,949	1,851,318	26,279,059	7,212,543	1,033,975	1,770,663	38,188,507	—	528,023	528,023	
Depreciation on disposals	—	—	—	6,129,934	61,241	2,068,886	83,243	8,343,304	—	—	—	
As at 31.03.2013 (A)	—	332,007	17,025,185	174,663,452	43,224,062	7,571,752	4,251,243	247,067,701	13,429,182	4,869,906	18,299,088	
ii) Given on Lease :												
At 01.04.2011	—	116,688	217,054	—	—	—	—	333,742	—	—	—	
Charge for the year	—	19,448	33,400	—	—	—	—	52,848	—	—	—	
Depreciation on disposals	—	—	—	—	—	—	—	—	—	—	—	
As at 31.03.2012	—	136,136	250,454	—	—	—	—	386,590	—	—	—	
Charge for the year	—	19,448	33,400	—	—	—	—	52,848	—	—	—	
Disposals	—	—	—	—	—	—	—	—	—	—	—	
As at 31.03.2013 (B)	—	155,584	283,854	—	—	—	—	439,438	—	—	—	
Total (A+B)	—	487,591	17,309,039	174,663,452	43,224,062	7,571,752	4,251,243	247,507,139	13,429,182	4,869,906	18,299,088	
Net Block												
at 31.03.2013	51,234,488	2,467,779	55,215,157	229,852,823	33,948,534	10,075,955	14,730,355	397,525,091	—	709,990	709,990	
at 31.03.2012	51,234,488	2,538,176	56,122,190	247,479,021	36,639,287	10,799,714	13,628,016	418,440,892	—	614,267	614,267	

Note : 1. Free hold land was revalued during the financial year 2003-04 and the surplus of ₹ 34,848,225 was credited to revaluation reserve. Out of which revaluation reserve of ₹ 2,421,702 reversed on sale of part land in financial year 2009-10.

2. Other adjustments includes borrowing costs and exchange difference capitalised.

NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹	
		2013	2012
11	NON-CURRENT INVESTMENTS		
	Non-Trade, Unquoted Investments, At Cost, Fully Paid		
	1,000 Shares of ₹ 10 each of Saraswat Co-Op. Bank Ltd.	10,000	10,000
	3,900 Shares of ₹ 50 each of Shree Mahalaxmi Co-Op. Bank Ltd.	195,000	195,000
	5,000 Shares of ₹ 100 each of Samarth Sahakari Bank Ltd.	500,000	500,000
	200 Shares of ₹ 25 each of Shamrao Vithal Co-Op. Bank Ltd.	5,000	5,000
		<u>710,000</u>	<u>710,000</u>
12	LONG-TERM LOANS AND ADVANCES		
	(A) Capital Advances		
	Unsecured , considered good	2,299,834	2,707,570
		<u>2,299,834</u>	<u>2,707,570</u>
	(B) Security Deposits		
	Unsecured, considered good	4,017,570	4,257,570
		<u>4,017,570</u>	<u>4,257,570</u>
		<u>6,317,404</u>	<u>6,965,140</u>
13	OTHER NON-CURRENT ASSETS		
	Bank Deposits with original maturity for more than 12 months (Refer Note No.16)	—	5,892,967
		<u>—</u>	<u>5,892,967</u>
14	INVENTORIES		
	Raw Materials	71,379,628	80,230,537
	Work-in-Progress (Ref. Note No.38)	43,660,024	34,319,602
	Finished Goods	78,266,754	48,318,003
	Stock-in-trade (in respect of goods acquired for trading)	28,632,563	13,364,794
	Stores and spares	3,012,075	5,340,549
	Loose tools	3,241,096	3,540,310
		<u>228,192,140</u>	<u>185,113,795</u>
	Mode of valuation: Ref. Note No. 29(D)		

NOTES FORMING PART OF FINANCIAL STATEMENTS

			In ₹	
			2013	2012
15 TRADE RECEIVABLES				
(A) Trade receivables outstanding for more than six months from the date they became due for payment:				
(i) Unsecured, considered good			62,818,033	95,636,467
(ii) Doubtful			12,500,000	—
Less: Provision for Doubtful Receivables			12,500,000	—
			<u>62,818,033</u>	<u>95,636,467</u>
(B) Trade Receivables (others)				
(i) Unsecured, considered good			180,507,660	142,488,224
(ii) Doubtful			—	—
			<u>243,325,693</u>	<u>238,124,691</u>
			Non Current	Current
	2013	2012	2013	2012
16 CASH AND BANK BALANCES				
(A) Cash and cash equivalents				
Balances with Banks:				
On current accounts	—	—	12,355,324	12,422,270
On unpaid dividend account	—	—	1,899,654	1,779,019
Cash on hand	—	—	158,950	326,653
	<u>—</u>	<u>—</u>	<u>14,413,928</u>	<u>14,527,942</u>
(B) Other Bank Balances				
Bank Deposits with original maturity for more than 12 months	—	—	—	819,530
Margin Money Deposits with Banks	—	5,892,967	8,043,969	7,764,793
	—	5,892,967	8,043,969	8,584,323
Amount disclosed under non-current assets (Note 13)	—	(5,892,967)	—	—
	<u>—</u>	<u>—</u>	<u>22,457,897</u>	<u>23,112,265</u>
17 SHORT-TERM LOANS AND ADVANCES				
Advances receivable in cash or kind Unsecured, considered good *			30,571,822	40,477,397
			<u>30,571,822</u>	<u>40,477,397</u>

* Includes primarily advances to sundry creditors, deposit with excise, staff advance, receivables from customs, excise and other sundry advances and receivables.

NOTES FORMING PART OF FINANCIAL STATEMENTS

	2013	In ₹ 2012
18 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	580,290	1,017,391
Others - Unsecured, considered good : Sundry Deposits	319,700	281,110
	<u>899,990</u>	<u>1,298,501</u>
19 OTHER INCOME		
(A) Interest income on :		
Bank Deposits	1,329,158	1,431,517
	<u>1,329,158</u>	<u>1,431,517</u>
(B) Dividend income on :		
Long-term investments	62,600	81,850
	<u>62,600</u>	<u>81,850</u>
(C) Other :		
Profit on sale of Fixed Assets	205,188	19,097
Lease Rent	360,000	318,000
Miscellaneous income	93,714	56,558
	<u>658,902</u>	<u>393,655</u>
	<u>2,050,660</u>	<u>1,907,022</u>
20 COST OF MATERIAL CONSUMED		
Inventory at the beginning of the year	80,230,537	95,684,970
Add: Purchases	419,585,434	380,558,251
	499,815,971	476,243,221
Less: Inventory at the end of the year	71,379,628	80,230,537
Cost of raw material and components consumed (Refer Note No. 31 & 32)	<u>428,436,343</u>	<u>396,012,684</u>
21 PURCHASES OF STOCK-IN-TRADE		
Power Tools and Accessories	97,224,646	88,154,033
Blower Accessories	3,129,637	3,035,158
	<u>100,354,283</u>	<u>91,189,191</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	2013	In ₹ 2012
22 (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the beginning of the year		
Finished Goods	48,318,003	65,335,129
Work in Progress	34,319,602	53,376,385
Stock-in-trade	13,364,794	2,614,133
	96,002,399	121,325,647
Less: Inventories at the end of the year		
Finished Goods	78,266,754	48,318,003
Work in Progress	43,660,024	34,319,602
Stock-in-trade	28,632,563	13,364,794
	150,559,341	96,002,399
Excise duty on Stock differential *	4,748,988	(2,815,066)
(Increase) / Decrease in inventories	(49,807,954)	22,508,182
* Represents excise duty relating to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in statement of profit and loss represents excise duty on sales during the year.		
23 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages, Bonus	80,203,221	72,741,787
Contribution to PF and Other Funds	4,535,865	4,478,104
Gratuity expenses	1,196,375	725,124
Staff Welfare Expenses	1,789,357	2,823,939
	87,724,818	80,768,954
24 FINANCE COSTS		
Interest Expense	35,610,233	36,383,431
Other Borrowing costs	4,318,288	4,544,603
	39,928,521	40,928,034
25 DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of tangible assets (Refer Note No. 10)	38,251,356	36,865,105
Amortisation of intangible assets (Refer Note No. 10)	528,023	1,576,705
	38,779,379	38,441,810

NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹
	2013	2012
26 OTHER EXPENSES		
Stores, spares consumed	20,634,049	16,956,179
Processing Charges	34,003,568	37,456,332
Power and Fuel consumed	12,338,598	11,213,191
Repairs- Plant and Machinery	6,200,283	6,464,016
Repairs- Factory Building	1,503,748	1,708,815
Services to Manufacturing	3,787,054	3,725,505
Rent	3,744,041	3,704,104
Insurance	1,986,892	1,921,978
Rates and Taxes other than taxes on income	357,340	365,417
Payment to statutory auditors		
- as auditors	160,000	160,000
- for certification/limited review	54,510	32,700
- reimbursement of expenses (out of pocket expenses)	32,192	27,860
Legal, professional and consultancy charges	6,559,615	15,577,062
Advertisement, Publicity and Sale Promotion	6,243,476	6,841,194
Directors' Fees	180,000	180,000
Warranty Expenses	3,699,013	4,804,403
Travelling & Conveyance	17,648,489	18,665,086
Printing & Stationery	2,157,274	2,207,833
Postage & Telephone	3,374,693	3,336,115
Product Distribution	25,584,130	25,639,833
Packing & Forwarding	19,601,589	19,681,310
Provision for Doubtful Receivables	12,500,000	—
Cash Discount	12,922,250	15,635,498
Loss on Sale of Fixed Assets	497,056	179,260
Fixed Asset Written-off	314,155	101,493
Miscellaneous expenses	6,485,180	7,049,894
	<u>202,569,195</u>	<u>203,635,078</u>

NOTES FORMING PART OF THE ACCOUNTS

27 General Information about KPT

Kulkarni Power Tools Ltd., [KPT] is a Public Limited Company incorporated on 30th July, 1976, under the provisions of Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange. The Company is engaged in manufacturing of Electric Power Tools and Twin Lobe Blowers for a wide variety of applications. KPT exports its products to United Kingdom, Middle East, East Africa, Nigeria and South Africa, South East Asia and SAARC countries.

28 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except free hold land which was revalued during the financial year 2003-04.

29 Statement on Significant Accounting Policies

A. Fixed Assets and Intangible Assets

1. Fixed Assets other than those revalued are carried at cost of acquisition or construction (inclusive of freight, duties, taxes and expenses related to acquisition and installation and commissioning) less accumulated depreciation. The fixed assets which are revalued are stated at the revalued amount.
2. Intangible Assets are recorded at the consideration paid for acquisition.
3. Impairment loss, if any, is recognised whenever the recoverable amount of an asset / cash generating unit is less than its carrying amount.

B. Depreciation and Amortisation.

1. Depreciation on Fixed Assets is provided on "Straight Line Method", as per the provisions of Schedule XIV to the Companies Act, 1956.
2. Computer Software is amortised over a period of three years. Technical knowhow is amortised over a period of seven years. Leasehold lands are amortised over the period of lease.

C. Investments

Long Term Investments are carried at cost of acquisition. A provision for diminution is made to recognise decline other than temporary, in the value of investments.

D. Valuation of Inventories

Inventories are valued at lower of cost and net realisable value. Cost of Raw Material, Stores and Spares is determined on weighted average method. Cost of finished goods and work-in- process comprises of material and conversion costs.

E. Research and Development

Revenue Expenditure on Research and Development is charged off as an expense in the year in which incurred and the Capital Expenditure is grouped with fixed assets under appropriate heads and depreciation is provided at the applicable rates.

F. Employee Benefits

1. Defined Contribution Plans

Contribution to defined contribution plans, such as Provident Fund and Superannuation are charged to the Profit and Loss Account as incurred.

NOTES FORMING PART OF THE ACCOUNTS

2. Defined Benefit Plans

Gratuity is accounted on the basis of actuarial valuation carried out as at Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of Profit and Loss Account as income or expenses.

3. Other long term employee benefits

Leave entitlement is charged to the Profit and Loss Account as incurred on the basis of actuarial valuation carried out as at Balance Sheet date.

G. Revenue Recognition

1. Revenue in respect of insurance / other claims, interest, subsidy, etc., is recognised only when it is reasonably certain that the ultimate collection will be made.
2. Sales value is inclusive of excise duty and export benefit and net of sales tax, sales returns, discounts and concessions.

H. Foreign Currency Transactions

1. All foreign currency transactions are accounted for at the rates prevailing on the date of the transaction.
2. The monetary items are restated at the rate of exchange prevailing on the date of the Balance Sheet. The difference in exchange arising on settlement of the short term monetary item or on restatement of the same at the year end is adjusted to Profit and Loss Account.
3. The Company has exercised the option allowed by the Ministry of Corporate Affairs vide its Notification dated 29th December, 2011 on Accounting Standard 11. Accordingly, in respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were reported in previous financial statements, in so far as they relate to the acquisition of depreciable capital asset, is added to or deducted from the cost of the asset and depreciated over the balance life of the asset, and in other cases, accumulated in a " Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods. Accordingly, exchange loss for the year ended 31st March, 2013, ₹ 4,172,850, has been added to the cost of fixed assets.
4. In respect of amount payable in foreign currency covered by forward contracts, the premium is recognised over the period of contract.

I. Custom Claim Receivable

Custom Claims Receivable under Duty Free Replenishment Certificate, Duty Entitlement Pass Book Licenses and Duty Drawback for export have been accounted based on shipment to overseas customers.

J. Borrowing Costs

1. Borrowing costs that are attributable to acquisition, construction or erection of qualifying fixed assets incurred during the period of acquisition or construction, are capitalised as part of the cost of the asset.
2. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

NOTES FORMING PART OF THE ACCOUNTS
K. Taxes on Income

1. Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.
2. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or substantially enacted regulations.
3. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each reporting date the Company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognised.

L. Product Warranty

Provision for estimated liability on warranty given on sale of the Company's products is made on the basis of past performance of such products.

M. Subsidies Received

1. Subsidies received towards specific fixed assets are reduced from gross block value of the concerned fixed asset.
2. Subsidies received related to revenue expenditure are deducted from related expenses.
3. Subsidies which are in nature of Investment subsidy are treated as capital reserve.

		2013	In ₹ 2012
30	Contingent Liabilities and Commitments (To The Extent Not Provided For)		
	A) Contingent Liabilities		
	Sales Tax	233,690	57,282
	Central Excise	459,569	—
		<u>693,259</u>	<u>57,282</u>
	B) Commitments		
	a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,912,558	3,468,955
	b) Other Commitments :		
	i) Please refer Note No.44 for Lease commitments.	6,273,561	6,456,368
	ii) The Company has obtained sales tax payment deferral benefit under Package Scheme of Incentive 1988 and 1993 scheme. The Company is obliged to comply the conditions specified under the said scheme. The outstanding balance payable under the said scheme is —	63,291,699	64,787,477

NOTES FORMING PART OF THE ACCOUNTS

	In ₹	
	2013	2012
31 Details of raw material and components consumed		
a. Ferrous Castings	51,525,513	46,903,054
b. Steel	40,026,142	37,429,747
c. Non Ferrous Castings	1,232,083	1,170,306
d. Other	335,652,605	310,509,577
	<u>428,436,343</u>	<u>396,012,684</u>
32 Value of Raw Material consumed and percentage there of to the total consumption (inclusive of components)		
a. Imported :		
Value	128,787,344	111,150,744
Percentage to total consumption	30%	28%
b. Indigenous :		
Value	299,648,999	284,861,940
Percentage to total consumption	70%	72%
	<u>428,436,343</u>	<u>396,012,684</u>
33 Value of imports calculated on CIF basis		
a. Raw Material, Components and Spares	205,442,661	122,284,429
b. Capital Goods	—	10,175,236
34 Expenditure in foreign currency		
a. Travelling	1,584,097	2,071,794
b. Professional Fees	83,765	3,676,804
c. Others	143,919	97,706
	<u>1,811,781</u>	<u>5,846,304</u>
35 Earnings in foreign currency		
FOB Value of exports	131,425,184	124,155,929
36 Sale of Manufacturing Products		
<u>Power Tools</u>		
a. Tools	448,505,108	485,215,431
b. Spares	200,557,792	217,742,859
<u>Blower</u>		
a. Blower	88,728,372	79,865,967
b. Spares	20,240,713	10,397,153
<u>Electricity</u>	12,187,406	13,485,130
	<u>770,219,391</u>	<u>806,706,540</u>

NOTES FORMING PART OF THE ACCOUNTS

In ₹

37 Purchase and Sale of Stock in Trade

	2013	2013	2012	2012
	Purchase	Sale	Purchase	Sale
<u>Power Tools</u>				
Power Tools	39,857,554	33,121,265	15,694,954	12,492,099
Accessories	57,367,091	55,603,694	72,459,079	75,397,392
<u>Blower</u>				
Accessories	3,129,637	4,115,264	3,035,158	4,141,992
	<u>100,354,282</u>	<u>92,840,223</u>	<u>91,189,191</u>	<u>92,031,483</u>

38 Details of work in Progress

	2013	2012
Power Tools	30,469,972	26,043,768
Blower	13,190,052	8,275,834
	<u>43,660,024</u>	<u>34,319,602</u>

39 Based on available information, presently, there are no amounts payable to parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

40 Amount of borrowing costs capitalised during the period	633,816	1,064,141
41 Earning Per Share		
a. Profit after tax as per the Profit & Loss Account	13,935,391	13,649,973
b. Weighted average of No. of Shares	3,400,000	3,400,000
c. Basic and Diluted Earnings Per Share of ₹ 5/- each	4.10	4.00

42 Segment Reporting
I. Primary report under Business Segments
Revenue
Sales

Portable Power Tools	737,536,027	790,847,781
Blowers	113,336,181	94,405,112
Windmills	12,187,406	13,485,130
	<u>863,059,614</u>	<u>898,738,023</u>

Segment Results (Gross)

Portable Power Tools	53,225,829	80,151,423
Blowers	21,669,915	9,811,712
Windmills	4,284,509	5,570,764
	<u>79,180,253</u>	<u>95,533,899</u>

NOTES FORMING PART OF THE ACCOUNTS

In ₹

	2013	2012
Unallocated Corporate Expenses	22,391,154	27,452,734
Operating Profit	56,789,099	68,081,165
Interest Expense	39,928,521	40,928,034
Other Income	6,561,247	6,132,665
(Loss) / Profit before exceptional item	23,421,825	33,285,796
Exceptional Item:		
Net (gain)/loss on foreign currency transactions/translation	4,705,597	13,184,703
Profit before tax	18,716,228	20,101,093
Segment Assets		
Portable Power Tools	673,431,694	666,465,660
Blowers	119,062,337	103,914,224
Windmills	61,336,937	65,068,347
	<u>853,830,968</u>	<u>835,448,231</u>
Add: Unallocated Corporate Assets	78,197,706	88,038,243
	<u>932,028,674</u>	<u>923,486,474</u>
Segment Liabilities		
Portable Power Tools	152,506,238	135,692,164
Blowers	24,099,942	20,084,015
	<u>176,606,180</u>	<u>155,776,179</u>
Add: Unallocated Corporate Liabilities	435,151,438	456,242,784
	<u>611,757,618</u>	<u>612,018,963</u>
Capital Expenditure		
Portable Power Tools	16,614,547	55,048,423
Blowers	4,398,116	6,193,652
	<u>21,012,663</u>	<u>61,242,075</u>
Depreciation		
Portable Power Tools	27,261,383	26,429,851
Blowers	3,406,058	4,438,160
Windmills	5,254,452	5,345,411
	<u>35,921,893</u>	<u>36,213,422</u>
Non-cash expenses other than depreciation		
Portable Power Tools	12,500,000	3,768,534
Blowers	—	1,671,989
	<u>12,500,000</u>	<u>5,440,523</u>

NOTES FORMING PART OF THE ACCOUNTS
In (₹)

2013 2012

II. Secondary Business Segments

The distribution of the Company's sales by geographical market is as under :

Net Sales

India	731,634,430	774,582,094
Outside India	131,425,184	124,155,929
	<u>863,059,614</u>	<u>898,738,023</u>

Significant Accounting Policies relating to Segment Reporting

- a. Business Segments are determined on the basis of the goods manufactured and in accordance with Accounting Standard 17.
- b. Segment report is prepared in conformity with accounting policies adopted for preparing and presenting financial statements.

43 Employee Benefits

Disclosure under Accounting Standard - 15 Employee benefit as per Companies Accounting Standard Rules.

I. Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expense for the year are as under :

Employers' Contribution to Provident Fund	3,777,694	3,433,003
Employers' Contribution to Superannuation Fund	758,171	1,045,101
	<u>4,535,865</u>	<u>4,478,104</u>

II. Defined Benefits Plan
Gratuity:

Gratuity is payable to all eligible employees on retirement, death or termination in terms of provision of the Payment of Gratuity Act. The Company makes yearly contribution to a Gratuity Trust equal to premium of Group Gratuity Insurance with Life Insurance Corporation of India.

I Assumptions

Mortality as per -1994-96	LIC Ult table	LIC Ult table
Interest / Discount Rate	8.25%	8.75%
Rate of increase in compensation	3.00%	3.00%
Rate of return (expected) on plan assets	8.70%	8.60%
Employee Average Attrition Rate	2.00%	2.00%

II Changes in present value of obligations

PVO at beginning of period	12,064,922	11,235,988
Interest cost	1,055,681	926,969
Current Service Cost	733,633	687,420
Benefits Paid	(172,389)	(211,269)
Actuarial (gain) / loss on obligation	(308,855)	(574,186)
PVO at end of period	13,372,992	12,064,922

NOTES FORMING PART OF THE ACCOUNTS

	In ₹	
	2013	2012
III Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period	4,397,399	2,870,272
Expected Return on Plan Assets	378,176	229,622
Contributions	57,713	1,423,317
Benefit Paid	(172,389)	(211,269)
Actuarial gain/(loss) on plan assets	22,003	85,457
Fair Value of Plan Assets at end of period	4,682,902	4,397,399
IV Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	4,397,399	2,870,272
Actual Return on Plan Assets	400,179	315,079
Contributions	57,713	1,423,317
Benefit Paid	(172,389)	(211,269)
Fair Value of Plan Assets at end of period	4,682,902	4,397,399
V Actuarial Gain/(Loss) Recognized		
Actuarial (Gain)/Loss for the period (Obligation)	(308,855)	(574,186)
Actuarial (Gain)/Loss for the period (Plan Assets)	(22,003)	(85,457)
Total (Gain)/Loss for the period	(330,858)	(659,643)
Actuarial (Gain)/Loss recognized for the period	(330,858)	(659,643)
Unrecognized Actuarial Gain/(Loss) at end of period	—	—
VI Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss Account		
PVO at end of period	13,372,992	12,064,922
Fair Value of Plan Assets at end of period	4,682,902	4,397,399
Funded Status	(8,690,090)	(7,667,523)
Unrecognized Actuarial Gain/(Loss)	—	—
Net Asset/(Liability) recognized in the Balance Sheet	(8,690,090)	(7,667,523)
VII Expense recognized in the Statement of P & L A/c		
Current Service Cost	733,633	687,420
Interest Cost	1,055,681	926,969
Expected Return on Plan Assets	(378,176)	(229,622)
Net Actuarial (Gain)/Loss recognized for the period	(330,858)	(659,643)
Expense recognized in the statement of P & L A/c in Schedule 18-Payments & Benefits to Employees	1,080,280	725,124
VIII Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	7,667,523	8,365,716
Expenses as above	1,080,280	725,124
Contribution paid	(57,713)	(1,423,317)
Closing Net Liability	8,690,090	7,667,523

NOTES FORMING PART OF THE ACCOUNTS

	2013	In (₹) 2012
IX Category of Assets		
Insurer Managed Funds	4,682,902	4,397,399
The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
44 Leased Assets:		
Disclosure as per Accounting Standard-19 on Leases as per Companies Accounting Standard Rules.		
a) i) The Company has taken certain premises on operating lease. The Agreements entered into provide for renewal and rent escalation clause.		
ii) Particular of future minimum lease payments in respect of the same are as mentioned below.		
Period		
Not later than one year	2,887,736	3,246,179
Later than one year and not later than five years	3,385,825	3,210,189
Later than five years	—	—
	6,273,561	6,456,368
iii) Lease payment recognised in Profit & Loss Account for the year	3,744,041	3,704,104
b) i) The Company has given Land and Building under operating lease.		
ii) Particulars of future minimum lease payments in respect of the same are as mentioned below:		
Period		
Not later than one year	360,000	360,000
Later than one year and not later than five years	360,000	720,000
Later than five years	—	—
	720,000	1,080,000
45 Details of provisions and movements in each class of provisions - Disclosure as per Accounting Standard 29 'Provisions, Contingent Liabilities and Contingent Assets'.		
Carrying amount at the beginning of the year :		
Warranty	1,900,000	1,200,000
Additional provision made during the year :		
Warranty	3,699,013	4,804,403
Amount used during the year :		
Warranty	3,499,013	4,104,403
Unused amounts reversed during the year :		
Warranty	—	—
Carrying amount at the end of the year :		
Warranty	2,100,000	1,900,000
Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits.		
Product Warranty :		
Accruals have been made in respect of warranties given by the Company for the sales made during the year based on past experience.		

NOTES FORMING PART OF THE ACCOUNTS
46 Disclosure of Related Parties & Related Party Transactions :

Names of the related parties with whom transactions were carried out during the year and description of relationship

1. <u>Key Management Personnel (KMP)</u>	<u>Designation</u>
i. Shri Prakash A.Kulkarni	Managing Director (MD)
ii. Shri Dilip B. Kulkarni	Executive Director (ED)

2. Relatives of Key Management Personnel

<u>Name of the transacting related party</u>	<u>Nature of relationship</u>
i. Late Smt. Malati A.Kulkarni	Mother of MD
ii. Shri Ajit A. Kulkarni	Brother of MD
iii. Shri Ashok A. Kulkarni	Brother of MD

Disclosure of Related Party Transactions
In (₹)

Sr. No.	Nature of Transaction	Key Management Personnel (KMP)	Relatives of KMP	Total
1	Remuneration paid	4,958,040 (4,808,040)	— (—)	4,958,040 (4,808,040)
2	Dividend Paid	— (—)	62,325 (199,440)	62,325 (199,440)
3	Outstanding Balances as on 31-03-2013 :			
	Payables	144,551 (299,880)	— (—)	144,551 (299,880)

47 Previous year's figures have been regrouped wherever necessary.

48 Figures in the brackets pertain to previous year.

Form 2B
(see rules 4CCC and 5D)

NOMINATION FORM

(to be filled in by individual(s) applying singly or jointly)

I/We _____ and _____ and _____ the _____ holders of shares / Debentures/ Deposit Receipt bearing number(s) _____ of M/s. _____ wish to make a nomination and do hereby nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares or debentures or deposits shall vest in the event of my or our death.

Name(s) and Address(es) of Nominee(s)

Name : _____

Address : _____

Date of Birth* _____

* (to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is _____ . Name and Address

(** To be deleted if not applicable)

Signature : _____

Name : _____

Address : _____

Date :

Signature : _____

Name : _____

Address : _____

Date :

Signature : _____

Name : _____

Address : _____

Date :

Address, Name and Signature of witnesses :

Name and Address

Signature with date

1.

2.

INSTRUCTIONS :

1. The Nomination can be made by individuals only applying/holding shares/debentures on their own behalf singly or jointly. Non-individual including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders more sheets can be added for signatures of holders of shares/debentures and witness.
2. A minor can be nominated by a holder of shares/debentures/deposits and in that event the name and address of the Guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
4. Nomination stands rescinded upon transfer of share/debenture or repayment/renewal of deposits made.
5. Transfer of share/debenture in favour of a nominee and repayment of amount of deposit to nominee shall be a valid discharge by a Company against the legal heir.
6. The intimation regarding Nomination/ Nomination Form shall be filed in duplicate with Company/Registrar and Share Transfer Agents of the Company who will return one copy thereof to the share or debenture or deposits holder.

KULKARNI POWER TOOLS LTD.

Regd. Office : Shirol - 416 103, Dist. Kolhapur

ATTENDANCE SLIP

37th ANNUAL GENERAL MEETING

ON 1st AUGUST, 2013

I certify that I am a registered member / proxy for the registered member of the Company. I hereby record my presence at the 37th Annual General Meeting of the Company, being held at Shirol - 416 103, Dist. Kolhapur, at 4.00 p.m., on Thursday, the 1st August, 2013.

Member's Name in Block Letters

Member's Signature

Proxy's Name in Block Letters

Proxy's Signature

NOTES:

- 1) This meeting is of members only and you are requested not to bring with you any person who is not a member.
- 2) Members / proxy holders are requested to bring the attendance slip with them when they come to the Meeting and hand it over at the entrance after signing.

KULKARNI POWER TOOLS LTD.

Regd. Office : Shirol - 416 103, Dist. Kolhapur

PROXY FORM

L. F. No.: _____

No. of Shares _____

DP ID : _____

Client ID No. _____

I / We _____

of _____ being Member/Members of Kulkarni Power Tools Ltd., hereby

appoint _____ of _____

or failing him _____ of _____

as my/our Proxy to attend and vote for me/us on my/our behalf at the 37th ANNUAL GENERAL MEETING of the Company held on Thursday, the 1st August, 2013 at 4.00 p.m. and at any adjournment thereof.

As witness my hand / our hands this _____ day of _____ 2013.

(Signature of the Shareholder across a 15 paise revenue stamp)

Note : The proxy must be deposited at the Registered Office of the Company at Shirol - 416 103, Dist. Kolhapur, not later than 48 hours before the time of holding the Meeting.



KULKARNI POWER TOOLS LTD.

Shirol 416 103, Dist. Kolhapur, Maharastra, India. Tel : 02322 661500, Fax : 02322 661546,
E mail : kpt.ho@kpt.co.in Web : www.kpt.co.in Toll free : 1800-209-2300

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