



*India's Leading Power Tool Company*

35<sup>th</sup> ANNUAL REPORT 2010-2011

## **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-fifth Annual General Meeting of the Members of Kulkarni Power Tools Ltd., will be held on Saturday, the 13<sup>th</sup> day of August, 2011, at 11.30 a.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 31<sup>st</sup> March, 2011 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.S.C.Kirloskar, 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.

#### SPECIAL BUSINESS :

##### 6. Reappointment of Managing Director

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

**“RESOLVED THAT** subject to the approval of Central Government and pursuant to the provisions of Sections 198, 269, 309 and all the applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Mr.Prakash Kulkarni as a Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> April, 2011, upon the terms and conditions including remuneration, set out in the draft Agreement to be entered into with Mr.Prakash Kulkarni and that the said Agreement, a draft whereof, is placed before this meeting, be and is hereby specifically sanctioned, with a liberty to the Board of Directors to alter and vary the terms and conditions of the appointment and/or of the agreement in such a manner, as may, from time to time, be stipulated by the Central Government or to be in consonance with any revised terms and conditions as may be prescribed by the Central Government in the Schedule XIII or any modification(s) thereto, as may be agreed to between the Board of Directors and Mr.Prakash Kulkarni.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits, in any financial year of the Company, during the term of Mr.Prakash Kulkarni as Managing Director, the remuneration including perquisites stipulated in the aforesaid agreement shall be paid to Mr.Prakash Kulkarni as the minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling as provided in Section II of Part II of Schedule XIII as may be amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this resolution.”

##### 7. Approval of members for issuance of Employee Stock Options to Company employees.

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

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)

Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines"), Foreign Exchange Management Act, 1999, the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed and other relevant authorities, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Remuneration Committee, to which the Board may delegate its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, whether working in India or out of India, including any Director of the Company, whether whole time or otherwise, options exercisable into such number of equity shares being not more than 10% of the Paid-up Equity Share Capital of the Company at any point of time, either directly and / or through a Trust, under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority.

The maximum number of options that may be granted to Non-Executive Directors (including independent Directors) in any financial year shall not exceed 4% and in aggregate shall not exceed 6% of the issued and paid up capital of the Company at the time of grant of options.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, for the purpose of making a fair and reasonable adjustment, the number of options to be granted and / or the exercise price payable under the Schemes shall be appropriately adjusted, without affecting any other rights or obligations under the Schemes.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot Equity shares upon exercise of options from time to time in accordance with the Employee Stock Option Schemes and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.5 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said option grantees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the said schemes as it may deem fit, from time to time, in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board acting on its own or through the Remuneration Committee be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and to do all things and give such directions as may be necessary, expedient, or desirable and also to settle any question or difficulties that may arise in such manner and the Board/ Remuneration Committee / such authorised person in its/ his absolute discretion may deem fit and take steps which are incidental and ancillary in this connection."

#### **8. Renewal of period for payment of remuneration to Non-Executive Directors**

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

**"RESOLVED THAT** pursuant to provisions of Section(s) 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications thereto or any re-enactment thereof for the time being in force ("the Act"), and Article 115 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the payment to Directors including Alternate Directors (who are neither in the whole-time employment, nor Managing Directors, nor Non-Resident Directors of the Company) of remuneration, by way of commission, within the limits stipulated in Section 309(4) of the Act for a further period of 5 (five) years, effective 1<sup>st</sup> April, 2011, as may be determined by the Board of Directors of the

Company ("the Board") for each of the financial years of the Company and such commission being divisible amongst the eligible Directors, in such proportion and manner as the Board may determine, from time to time, but so that such commission shall not exceed 1% (one percent) of the net profits of the Company in any financial year computed in the manner provided in Section 198(1) of the Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

**By Order of the Board of Directors**

**Dilip Kulkarni**

**Executive Director**

**Pune**

**26<sup>th</sup> May, 2011**

**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] Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
- 3] The Register of Members and the Share Transfer Books of the Company will remain closed from 3<sup>rd</sup> August, 2011 to 13<sup>th</sup> August, 2011 (both days inclusive).
- 4] 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 13<sup>th</sup> August, 2011.
- 5] The Company has transferred the unclaimed dividends declared upto the financial year 2003 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 2004 to 2010 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.
- 6] 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.
- 7] 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.
- 8] Members are requested to notify immediately any change of their address to the Company and to the respective Depository Participant.
- 9] The Securities and Exchange Board of India has directed compulsory trading of Company's scrip in dematerialized 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.
- 10] 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 Link Intime India Pvt. Ltd., at the following address:  
  
Link Intime India Pvt. Ltd.,  
Unit: Kulkarni Power Tools Limited  
Block No.2, Akshay Complex,  
Near Ganesh Temple,  
Off. Dhole-Patil Road,  
Pune - 411 001
- 11] 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.

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## **EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(A) AND 192(A) OF THE COMPANIES ACT, 1956.**

### **ITEM-6**

Mr. Prakash Kulkarni was reappointed as Managing Director of the Company with effect from 1<sup>st</sup> April, 2006 for a period of 5 years. On expiry of the said term, by way of a resolution dated 26-05-2011, he was re-appointed as a Managing Director for a further period of 5 years with effect from 1<sup>st</sup> April, 2011.

The remuneration and the perquisites of Mr. Prakash Kulkarni are set out in the draft agreement referred to in the resolution at item No.6 of the notice and are subject to the approval of the Shareholders of the Company and Central Government under the provisions of Sections 269, 309 and Schedule XIII of the Companies Act, 1956, for the period of 3 years upto 31-03-2014. The material terms of appointment of Mr. Prakash Kulkarni as a Managing Director, as set out in a draft agreement are as follows :

- I. Salary - Basic** Rs. 216,000 per month
- II. Perquisites, Benefits and Allowances**
  - i)** In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent and maintenance allowances, in lieu thereof; together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries; medical reimbursement, club fees and leave travel concession / allowance for himself and his family, medical / accident insurance and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board and Managing Director such perquisites and allowances will be subject to such overall ceiling as may be fixed by the Board, from time to time.
  - ii)** Company maintained car with driver for official and personal use.
  - iii)** Telecommunication facilities at residence.
  - iv)** Leave and encashment of unavailed leave as per the Rules of the Company.
  - v)** Company's contribution to Provident Fund.
  - vi)** Gratuity :  
As per the rules of the Company.
  - vii)** Commission will be as per the provisions of Section 349 of the Companies Act, 1956. However, the remuneration as above plus the commission will have a ceiling of 7% of the profit of the Company.

In the event of any loss or inadequacy of profit in any financial year, subject to Section II of Part II of the Schedule XIII of the Companies Act, 1956, or any modifications thereof, the Managing Director shall be paid the above remuneration by way of salary and perquisites as specified above as the minimum remuneration.

### **Other material terms**

- i)** Subject to superintendence, control and directions of the Board of Directors, the Managing Director shall have a general conduct and management of the whole of business and affairs of the Company.
- ii)** Mr. Prakash Kulkarni shall devote his full time, attention and ability to the business and affairs of the Company and shall faithfully serve the Company and use his utmost endeavours to promote the interest thereof.

The draft agreement to be entered into with Mr. Prakash Kulkarni, referred to in the Resolution No.6 of the accompanying Notice is open for inspection at the Registered Office of the Company between 9 a.m. and 4 p.m. on any working day except Mondays.

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**Information as per the provisions of Schedule XIII is as follows :**

1. The Company has not made any default in repayment of any of its debts (including public deposits) or any interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of revision in remuneration of Managing Director.
2. **General Information:**
  - a. Nature of Industry : Company is Electric Power Tool manufacturing Company.
  - b. Financial Performance : The Company is dividend paying Company for more than a decade and leader in Power Tool market.
  - c. Foreign Collaborations : The Company does not have any foreign collaboration and is having Rs. 1049.35 lacs as foreign exchange earning and Rs. 1528.15 lacs as foreign exchange outgo.
3. **Information about appointee:**
  - a. **Background :**

Mr. Prakash Kulkarni is Licentiate in Textile Manufacturing from VJTI, Mumbai. He is having rich experience of 48 years in the industry and Managing Director of the Company for last 10 years. He is the promoter of the Company.
  - b. **Past Remuneration :**

As per the agreement entered with him in 2006 and as amended in May, 2010, he is eligible for monthly remuneration of Rs. 2,16,000/- with all other perks as well as commission on profits. Above remuneration with commission is subject to maximum of 5% of net profits of the Company. He was paid Rs. 31.47 Lacs as remuneration for the year 2010-11.
  - c. **Job Profile :**

He is responsible for the overall management of the Company under the supervision, control and direction of the Board of Directors.
  - d. **Remuneration proposed :**

It is proposed to maintain monthly remuneration to Rs. 216,000 with other perquisites and commission on profits subject to maximum of 7% of net profits of the Company and in the event of any loss or inadequacy of profit in any financial year, subject to Section II of Part II of the Schedule XIII of the Companies Act, 1956, or any modifications thereof, the Managing Director shall be paid the above remuneration by way of salary and perquisites as specified above as the minimum remuneration.
  - e. **Comparative Data :**

No comparative data is available for similar company.
  - f. **Pecuniary relationship :**

He is the promoter of the Company.

This may be treated as the abstract of the terms of appointment of Mr. Prakash Kulkarni under the provisions of Section 302 of the Companies Act, 1956.

The Board of Directors commends resolution for your approval as special resolution.

None of the Directors except the appointee himself is concerned or interested in this resolution.

**ITEM - 7**

The Company recognizes and appreciates the critical role played by the employees of the Company in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, approval of the shareholders is being sought for issue of stock options to the employees of the Company.



The main features of the employee stock option schemes are as under :

**1. Total number of options to be granted :**

Employee Stock Options exercisable into such number of equity shares being not more than 10% of the Paid-up Equity Share Capital of the Company at any point of time would be available for being granted to eligible employees of the Company, either directly and / or through a Trust, under one or more Employee Stock Option Schemes. Each option when exercised would be converted into one Equity Share of Rs.5 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

**2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s) :**

All permanent employees, including the Directors of the Company but excluding the promoters of the Company, as may be decided by the Remuneration Committee of the Company, from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

**3. Transferability of employee stock options :**

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

**4. Requirements of vesting and period of vesting :**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than five years from the date of grant of options.

**5. Maximum period within which the options shall be vested :**

The options would vest not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined, and may be altered or amended, by the Remuneration Committee, subject to the minimum vesting period of one year from the date of grant of options.

**6. Exercise Price :**

The options will be granted at a price equal to the market price, being latest available closing price, prior to the date of the meeting of the Board of Directors, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

**7. Exercise period and the process of exercise :**

The Exercise period would commence from the date of vesting and will expire not later than two years from the date of vesting of options.

The options will be exercisable by the employees by a written application to the Company / Trust, in such manner, and on execution of such documents, as may be prescribed by the Remuneration Committee, from time to time. The options will lapse if not exercised within the specified exercise period.

**8. Appraisal Process for determining the eligibility of the employees to ESOP :**

The appraisal process for determining the eligibility of the employee will be specified by the Remuneration Committee of the Company, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and/or such other criteria that may be determined by the Remuneration Committee of the Company at its sole discretion.



**9. Maximum number of options to be issued per employee and in aggregate:**

The total number of options that may be granted to any specific employee under one or more Schemes during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) at the time of grant and in aggregate shall not exceed 10% of the Paid-up Equity Share Capital of the Company at any point of time.

**10. Disclosure and Accounting Policies:**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines and other concerned Authorities.

**11. Method of option valuation :**

To calculate the employee compensation cost, the Company may use either the Fair Value Method or Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

As the Employee Stock Option Schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and the SEBI Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the schemes.

**ITEM 8**

The period of payment of remuneration by way of commission to Non-Executive Directors of the Company which was approved by members in 31<sup>st</sup> AGM, for five financial years effective 1<sup>st</sup> April, 2006, has expired on 31<sup>st</sup> March, 2011.

Under the provisions of Section 309 of the Companies Act, 1956 and article 115 of the Articles of Association of the Company, matters regarding payment of commission to Non-Executive Directors of the Company require approval of the members of the Company by a resolution in a general meeting. Further, the Listing Agreements entered into with the Stock Exchanges also require prior approval of the shareholders for payment of any compensation/fees to Non-Executive Directors.

With a view to adequately compensate for the time devoted and contribution made by the Non-Executive Directors of the Company, the Board of Directors at its meeting held on 26<sup>th</sup> May, 2011, recommended for the approval of the members for the renewal of payment of remuneration by way of commission to Non-Executive Directors of the Company for a further five financial years commencing from 1<sup>st</sup> April, 2011, as set out in the Special Resolution at item No.8.

Having regard to the time and attention devoted by Directors to the affairs of the Company, the Board of Directors of your Company recommends remuneration to the Non-Executive Directors of your Company by way of commission and payment of compensation/fees, for a further period of five years effective 1<sup>st</sup> April, 2011.

All Non-Executive Directors of your Company may be deemed, concerned or interested in this resolution.

**By Order of the Board of Directors**

**Pune**  
**26<sup>th</sup> May, 2011**

**Dilip Kulkarni**  
**Executive Director**

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 35<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS :

	2011 Rs.	2010 Rs.
Turnover	884,555,539	652,319,468
Profit Before Interest, Depreciation & Tax	131,173,726	134,038,212
Less : Interest	38,404,145	29,150,828
Less : Depreciation	35,732,831	33,554,699
Profit Before Tax	57,036,750	71,332,685
Less : Provision for Taxation including Deferred Tax Liability	18,222,690	25,145,858
Profit After Tax	38,814,060	46,186,827
Add : Amount brought forward from last year	24,835,124	16,577,692

### APPROPRIATIONS :

Profit available for Appropriation	63,649,184	62,764,519
Proposed Dividend	6,800,000	6,800,000
Tax on Proposed Dividend	1,103,130	1,129,395
Transfer to General Reserve	30,000,000	30,000,000
Balance carried forward to Balance Sheet	25,746,054	24,835,124

### MANAGEMENT REVIEW :

We expect Indian economy to clock a GDP growth rate around 8% with substantial investment in housing, infrastructure and industry. Demand for Company's products is expected to continue to clock double digit growth.

We continue to improve our systems and delivery both in domestic and export markets. With re-established marketing network, our top line has increased by 35%. However, due to increased expenses in sales and marketing, our profits before taxes have not shown commensurate growth. Our brand recall continues to provide us with confidence to maintain our performance and growth, in the coming year 2011-12.

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 Rs.1,049.35 lacs which was Rs.932.26 lacs in the previous year.

### EMPLOYEE STOCK OPTION SCHEME (ESOP) :

In order to motivate the employees and to enable them to participate in the long-term growth and financial success of the organization, the Board has proposed to grant Employee Stock Options to employees/Directors through one or more Employee Stock Option Schemes, as per applicable SEBI Guidelines. This would also enable the Company to retain talent and to develop a sense of ownership among employees, who are the most valuable resources of the Company.

Pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956, necessary resolution is placed for the approval of members at the ensuing Annual General Meeting.

**DIVIDEND :**

Your Directors are pleased to recommend a payment of dividend at the rate of 40 % for the year ended 31<sup>st</sup> March, 2011.

**FIXED DEPOSITS :**

During the year, the Company accepted Fixed Deposits of Rs.1,73,50,000/- and repaid the Fixed Deposits of Rs.6,22,000/-. Whereas, 16 deposit holders aggregating fixed deposits of Rs.3,38,000/- were 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.S.C.Kirloskar, 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 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. 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**

**Place : Pune**  
**Date : 26<sup>th</sup> May, 2011**

**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 31<sup>st</sup> March, 2011]

### 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 generates clean power by use of wind power to meet 70% of its requirement.

### 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,
- Maintaining market leadership.

#### 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 eight 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 : Rs. 1,049.35 Lacs

Outgo	a) Material	Rs. 1,395.04 Lacs
	b) Others	Rs. 108.67 Lacs
	c) Capital Goods	Rs. 24.44 Lacs
	<b>Total</b>	<b>Rs. 1,528.15 Lacs</b>

For & On behalf of the Board of Directors

Place : Pune  
Date : 26<sup>th</sup> May, 2011

S. N. Inamdar  
Chairman

**FORM**  
**[SEE RULE 3]**

**CIN** : L29130MH1976PLC019147  
**Nominal Capital** : Rs.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 31<sup>st</sup> March, 2011. 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 27.05.2010, 12.08.2010, 21.08.2010, 23.10.2010 and 10.2.2011 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 14.08.2010 to 21.08.2010 (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 31.03.2010 was held on 21.08.2010 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.

**13. The Company has:**

- (i)** delivered all the certificates on lodgement 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 23<sup>rd</sup> August 2010 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 Company has not appointed any Managing Director / Whole Time Director / Manager during the financial year.
- 16.** The Company has not appointed any Sole Selling Agents during the financial year.
- 17.** The Company was not required to obtain any approval of the Central Government, Company Law Board, 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.** The Company wherever necessary, has kept in abeyance rights to dividends in compliance with the provisions of the Act.
- 23.** The Company has complied with the provisions of Sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of deposits accepted including the unsecured loans taken amounting to Rs. 3,83,50,000/- 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 31.08.2010. 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 31<sup>st</sup> March 2011, 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.
- 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 altered its Articles of Association after obtaining approval of members in the general meeting held on 21.08.2010 and the amendments to the Articles of Association have been duly registered with Registrar of Companies.
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

**M. B. KASODEKAR**  
**PARTNER**

Place : Pune  
Date : 17<sup>th</sup> May, 2011

C. P. No. : 1681  
FCS : 2756

### **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 ended on 31<sup>st</sup> March, 2011.

<b>Sr. No.</b>	<b>Form No./ Return</b>	<b>Filed under Section</b>	<b>Particulars</b>	<b>Date of event</b>	<b>Date of filing</b>	<b>Whether filed in prescribed time</b>	<b>If delay in filing whether requisite additional fee paid Yes/ No</b>
1.	Form 8	125	Creation of Charge	18/03/10	14/04/10	YES	NA
2.	Form 8	125	Creation of Charge	19/04/10	25/05/10	NO	YES
3.	Form 8	125	Creation of Charge	20/04/10	25/05/10	NO	YES
4.	Form 8	125	Creation of Charge	24/05/10	04/06/10	YES	NA
5.	Form 32	303 (2)	Change in designation of Director	27/01/10	18/06/10	NO	YES
6.	Form 62	Rule 10 (Companies Rules Acceptance of Deposits Rules 1975)	Return of Deposit for Financial Year 09-10	31/03/10	30/06/10	YES	NA
7.	Form 8	125	Modification of Charge	17/07/10	30/07/10	YES	NA
8.	Form 8	125	Modification of Charge	17/07/10	30/07/10	YES	NA
9.	Form 8	125	Modification of Charge	17/07/10	30/07/10	YES	NA
10.	Form 8	125	Creation of Charges	19/07/10	31/07/10	YES	NA
11.	Form 8	125	Modification of Charge	17/07/10	11/08/10	YES	NA
12.	Form 66	383A	Secretarial Compliance Certificate for the year ended 31 <sup>st</sup> March, 2010	21/08/10	31/08/10	YES	NA
13.	Form 62	58A	Submission of Statement in Lieu of Advertisement	21/08/10	31/08/10	YES	NA
14.	Form 23AC	210, 220	Balance Sheet and Profit and Loss Account for the financial year ended on 31 <sup>st</sup> March'10	21/08/10	01/09/10	YES	NA
15.	Form 23	192	Registration of Special Resolution	21/08/10	02/09/10	YES	NA

Sr. No.	Form No./ Return	Filed under Section	Particulars	Date of event	Date of filing	Whether filed in prescribed time	If delay in filing whether requisite additional fee paid Yes/No
16.	Form 20B	159	Annual Return made upto the date of AGM 21/08/10	21/08/10	08/10/10	YES	NA
17.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed Dividend for F.Y. 2002-03	13/09/10	13/09/10	YES	NA
			Acknowledgement for submission of Form 1 IEPF	----	16/09/10	----	----
18.	Form 17	138	Satisfaction of Charge	08/10/10	14/10/10	YES	NA
19.	Form 8	125	Creation of Charge	27/10/10	24/11/10	YES	NA
20.	Form 8	125	Creation of Charge	10/11/10	01/12/10	YES	NA
21.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed matured deposits for F.Y. 2003-04	24/12/10	24/12/10	YES	NA
			Acknowledgement for submission of Form 1 IEPF	----	29/12/10	----	----
22.	Form 17	138	Satisfaction of Charge	01/01/11	20/01/11	YES	NA
23.	Form 8	125	Creation of Charge	28/12/10	22/01/11	YES	NA
24.	Form 8	125	Creation of Charge	06/01/11	28/01/11	YES	NA
25.	Form 8	125	Modification of Charge	06/01/11	28/01/11	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 2003 -2004 as per the Investor Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001 on 13.09.10 and 24.12.10, respectively.

For MRM ASSOCIATES  
COMPANY SECRETARIES

**M. B. KASODEKAR**  
**PARTNER**

Place : Pune  
Date : 17<sup>th</sup> May, 2011

C. P. No.: 1681  
FCS: 2756

## AUDITORS' REPORT

### TO THE MEMBERS OF

### KULKARNI POWER TOOLS LIMITED

1. We have audited the attached Balance Sheet of **Kulkarni Power Tools Limited** as at 31<sup>st</sup> March, 2011 and the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by Companies (Auditors' Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) in our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of such books .
  - (iii) the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - (iv) in our opinion, the Balance Sheet, and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - (v) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011, from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, 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 31<sup>st</sup> March, 2011;
    - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Pune  
Date : 26<sup>th</sup> May, 2011

For M/s P.G. BHAGWAT  
Chartered Accountants

NIKHIL M. SHEVADE  
Partner

Membership No: 217379

Firm Registration No: 101118W

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 3 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 (Auditors' 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 (Auditors' 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 Sections 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 account relating to materials, labour and other items of cost 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, in respect of its windmill division and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

(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 31<sup>st</sup> 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 (Rs.)	Forum where dispute is pending
Sales Tax	57,282	Appellate Authority, New Delhi
Income Tax	42,488	Commissioner of Income Tax (Appeals), Kolhapur

(x) In our opinion, 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 (Auditors' Report) Order, 2003, are not applicable to the Company.

(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 (Auditors' 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 (Auditors' 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 (Auditors' 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.

**Place : Pune**  
**Date : 26<sup>th</sup> May, 2011**

**For M/s P.G. BHAGWAT**  
**Chartered Accountants**  
**Nikhil M. Shevade**  
**Partner**  
Membership No: 217379  
Firm Registration No: 101118W

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	Schedule	2011	In Rs. 2010
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	17,000,000	17,000,000
Reserves and Surplus	2	<u>241,772,565</u>	<u>210,861,635</u>
		<u>258,772,565</u>	<u>227,861,635</u>
<b>Loan Funds</b>			
Secured Loans	3	327,079,523	284,677,626
Unsecured Loans	4	<u>91,443,349</u>	<u>82,327,299</u>
		<u>418,522,872</u>	<u>367,004,925</u>
<b>Deferred Tax-Net</b>	5	<u>41,668,701</u>	<u>45,644,701</u>
<b>Total</b>	<b>Total</b>	<u><u>718,964,138</u></u>	<u><u>640,511,261</u></u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>	6		
Gross Block		594,532,241	630,776,752
Less: Depreciation		<u>197,738,083</u>	<u>220,483,190</u>
Net Block		<u>396,794,158</u>	<u>410,293,562</u>
Capital work-in-progress		<u>872,718</u>	<u>546,712</u>
		<u>397,666,876</u>	<u>410,840,274</u>
<b>Investments</b>	7	710,000	710,000
<b>Current Assets, Loans &amp; Advances</b>			
Interest accrued on investments		719,545	364,084
Inventories	8	225,544,128	144,374,824
Sundry Debtors	9	230,706,774	193,407,667
Cash and Bank Balances	10	24,799,544	18,673,386
Loans and Advances	11	<u>44,950,468</u>	<u>40,424,698</u>
		<u>526,720,459</u>	<u>397,244,659</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	176,936,470	149,186,589
Provisions	13	<u>29,196,727</u>	<u>19,097,083</u>
		<u>206,133,197</u>	<u>168,283,672</u>
<b>Net Current Assets</b>		<u>320,587,262</u>	<u>228,960,987</u>
<b>Total</b>	<b>Total</b>	<u><u>718,964,138</u></u>	<u><u>640,511,261</u></u>
<b>Notes to Accounts</b>	21		

The schedule referred to above and the notes to accounts form an integral part of the Balance Sheet

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

Nikhil M. Shevade  
Partner  
Membership No. 217379

Place : Pune  
Date : 26<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

P.A. Kulkarni  
Vice Chairman & Managing Director

S.N. Inamdar  
Chairman

Place : Pune  
Date : 26<sup>th</sup> May, 2011



# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

			In Rs.
	Schedule	2011	2010
<b>INCOME</b>			
Sales	14	884,555,539	652,319,468
Other Income	15	6,748,406	5,945,670
	<b>Total</b>	<b>891,303,945</b>	<b>658,265,138</b>
<b>EXPENDITURE</b>			
Materials consumed	16	535,200,976	376,943,021
Payments and benefits to employees	17	74,931,657	54,119,224
Operating and other expenses	18	149,997,586	89,681,168
Finance Charges	19	38,404,145	29,150,828
Depreciation/amortization		35,732,831	33,554,699
	<b>Total</b>	<b>834,267,195</b>	<b>583,448,940</b>
<b>Profit/(Loss) before tax and exceptional items</b>		<b>57,036,750</b>	<b>74,816,198</b>
<b>Exceptional items :</b>			
Voluntary Retirement Scheme compensation amortised		—	3,483,513
<b>Profit/(Loss) before tax</b>		<b>57,036,750</b>	<b>71,332,685</b>
Provision for tax	20	18,222,690	25,145,858
<b>Net Profit/(Loss) after tax</b>		<b>38,814,060</b>	<b>46,186,827</b>
Balance brought forward from previous year		24,835,124	16,577,692
<b>Profit available for Appropriation</b>		<b>63,649,184</b>	<b>62,764,519</b>
<b>Appropriations :</b>			
Proposed dividend		6,800,000	6,800,000
Tax on dividend		1,103,130	1,129,395
Transfer to General Reserve		30,000,000	30,000,000
<b>Surplus carried to Balance Sheet</b>		<b>25,746,054</b>	<b>24,835,124</b>
	<b>Total</b>	<b>63,649,184</b>	<b>62,764,519</b>
Earning per Equity Share of Rs. 5 each (Refer Note No. 18 of Notes Forming Part of Accounts)		11.42	13.58
<b>Notes to Accounts</b>	<b>21</b>		

The schedule referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

Nikhil M. Shevade  
Partner  
Membership No. 217379

Place : Pune  
Date : 26<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

P.A. Kulkarni  
Vice Chairman & Managing Director

S.N. Inamdar  
Chairman

Place : Pune  
Date : 26<sup>th</sup> May, 2011

# CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2011

	2011	In Rs. 2010
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Taxation	57,036,750	71,332,685
Adjustment For :		
Depreciation	35,732,831	33,554,699
Voluntary retirement scheme compensation amortised	—	3,483,513
Loss/Profit on sale of fixed assets	1,079,542	885,740
Interest income	(470,565)	(1,341,651)
Dividend income	(75,507)	(82,750)
Interest expenses	38,404,145	29,150,828
<b>Operating Profit before Working Capital Changes</b>	<b>131,707,196</b>	<b>136,983,064</b>
Increase/decrease in trade and other receivables	(39,568,242)	(60,943,332)
Increase/decrease in Inventories	(81,169,304)	(54,790,081)
Increase/decrease in Sundry Creditors	33,208,255	53,324,309
<b>Cash Generated from Operations</b>	<b>44,177,905</b>	<b>74,573,960</b>
Income tax paid	(18,225,674)	(20,246,156)
<b>Net Cash from Operating Activities</b>	<b>25,952,231</b>	<b>54,327,804</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(27,929,097)	(122,016,886)
Proceeds from sale of Fixed Assets	4,290,122	1,144,726
Advance for Purchase of Fixed Assets	(2,256,635)	17,256,595
Sale/Purchase of investments	—	(45,000)
Interest received	115,104	2,049,959
Dividends received	75,507	82,750
<b>Net cash from Investing Activities</b>	<b>(25,704,999)</b>	<b>(101,527,856)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	9,654,300	118,025,109
Repayment of long term borrowings	(38,915,419)	(37,005,486)
Repayment / proceed of / from other borrowings (net)	81,021,607	(10,225,547)
Interest paid	(38,517,680)	(28,202,147)
Dividends paid	(6,234,487)	(3,192,700)
Tax on dividend paid	(1,129,395)	(577,830)
<b>Net Cash used in Financing Activities</b>	<b>5,878,926</b>	<b>38,821,399</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,126,158</b>	<b>(8,378,653)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,673,386</b>	<b>27,052,039</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>24,799,544</b>	<b>18,673,386</b>

## 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.
- Direct tax paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing activities.
- Cash and Cash Equivalents are Cash and Bank Balances as per Schedule 10 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

For M/s P. G. Bhagwat  
Chartered Accountants

Nikhil M. Shevade  
Partner  
Membership No. 217379

Place : Pune  
Date : 26<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

P.A. Kulkarni  
Vice Chairman & Managing Director

S.N.Inamdar  
Chairman

Place : Pune  
Date : 26<sup>th</sup> May, 2011

## SCHEDULE TO THE ACCOUNTS

	2011	In Rs. 2010
<b>Schedule 1 - Share Capital</b>		
<b>Authorised</b>		
10,000,000 (Previous year : 10,000,000) Equity Shares of Rs. 5 each	50,000,000	50,000,000
3,000,000 (Previous year: 3,000,000) Preference Shares of Rs. 10 each	30,000,000	30,000,000
	<u>80,000,000</u>	<u>80,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
3,400,000 (Previous year 3,400,000) Equity Shares of Rs. 5 each	17,000,000	17,000,000
(Out of above 1,700,000 shares are issued as fully paid bonus shares by capitalisation of share premium)		
<b>Schedule 2 - Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>		
Profit on reissue of forfeited shares	14,926	14,926
Capital subsidy	2,280,000	2,280,000
	<u>2,294,926</u>	<u>2,294,926</u>
<b>Share Premium Account</b>	<u>31,092,928</u>	<u>31,092,928</u>
<b>Revaluation Reserve</b>		
Balance as per last account	32,426,523	32,426,523
	<u>32,426,523</u>	<u>32,426,523</u>
<b>General Reserve</b>		
Balance as per last account	120,212,134	90,212,134
Add : Transfer from Profit and Loss Account	30,000,000	30,000,000
	<u>150,212,134</u>	<u>120,212,134</u>
Profit and Loss Account	25,746,054	24,835,124
	<u>241,772,565</u>	<u>210,861,635</u>

## SCHEDULE TO THE ACCOUNTS

	2011	In Rs. 2010
<b>Schedule 3 - Secured Loans</b>		
<b>Loans and Advances from Banks</b>		
<b>Cash/Export Credit facilities</b> (Secured by hypothecation of stocks and book debts and mortgage of immovable property)	180,426,458	108,520,901
<b>Term Loans</b> (Secured by hypothecation of machinery purchased)	1,106,659	6,880,448
<b>Term Loans</b> (Secured by hypothecation of vehicles)	6,460,045	2,134,282
<b>Term Loans</b> (Secured by mortgage of immovable property)	26,134,354	31,352,640
<b>Term Loans</b> (Secured by first charge on machinery purchased and mortgage of immovable property)	112,952,007	135,789,355
	<u>327,079,523</u>	<u>284,677,626</u>
<b>Out of above loans</b> Loans guaranteed by Managing Director	320,619,478	282,543,344
<b>Schedule 4 - Unsecured Loans</b>		
<b>Fixed deposits</b> (Deposits from Directors Rs. Nil [Previous year Rs. Nil])	16,390,000	3,405,000
<b>Interest free sales tax loan</b>	66,234,949	68,467,499
<b>Short-term loans and advances :</b> From Others	8,818,400	10,454,800
	<u>91,443,349</u>	<u>82,327,299</u>
<b>Schedule 5 - Deferred Tax-Net</b>		
<b>Deferred Tax Liabilities</b> On depreciation/amortisation of Fixed Assets	46,051,416	48,295,608
<b>Deferred Tax Assets</b> Unpaid Statutory Liabilities	4,382,715	2,650,907
<b>Deferred Tax - Net</b>	<u>41,668,701</u>	<u>45,644,701</u>

In Rs.

SCHEDULE TO THE ACCOUNTS									
Schedule 6 - Fixed Assets									
	Gross Block			Depreciation			Net Block		
	As on 01.04.2010	Additions 2010-11	Deductions 2010-11	As on 01.04.2010	For the Year 2010-11	Deductions 2010-11	As on 01.04.2010	As on 31.03.2011	As on 31.03.2010
<b>A: Tangible</b>									
Freehold land	51,480,788	—	246,300	—	—	—	—	51,234,488	51,480,788
Leasehold land	2,955,370	—	—	276,400	70,397	—	276,400	2,608,573	2,678,970
Buildings	60,186,349	54,160	—	11,621,827	1,850,436	—	11,621,827	46,768,246	48,564,522
Plant & Machinery	365,770,520	8,192,858	6,103,147	108,919,582	23,288,092	2,973,632	108,919,582	238,626,189	256,850,938
Dies, moulds & patterns	109,696,875	9,590,745	53,884,992	76,884,894	5,942,330	53,885,012	76,884,894	36,460,416	32,811,981
Furniture & fixtures	14,968,417	1,538,629	—	6,967,500	936,181	—	6,967,500	8,603,365	8,000,917
Vehicles	8,033,677	8,205,363	3,613,163	2,262,807	1,001,215	1,619,294	2,262,807	10,981,149	5,770,870
<b>B: Intangible</b>									
Technical know-how	13,429,182	—	—	10,643,471	1,857,143	—	10,643,471	928,568	2,785,711
Computer software	4,255,573	21,336	—	2,906,709	787,037	—	2,906,709	583,163	1,348,864
	630,776,752	27,603,091	63,847,602	220,483,190	35,732,831	58,477,938	220,483,190	396,794,158	410,293,561
Previous year	505,730,796	135,899,694	10,853,738	195,751,763	33,554,699	8,823,272	195,751,763	410,293,562	309,979,033

**Note:** Freehold land was revalued during the financial year 2003-04 and the surplus of Rs. 34,848,225 was credited to Revaluation Reserve. Out of which Revaluation Reserve of Rs. 2,421,702 reversed on sale of part land in 2009-10.

## SCHEDULE TO THE ACCOUNTS

		<b>In Rs.</b>
	<b>2011</b>	<b>2010</b>
<b>Schedule 7 - Investments</b>		
<b>At cost, Fully Paid, Long Term, Non Trade</b>		
1,000 Shares of Rs.10 each of Saraswat Co-op. Bank Ltd.	<b>10,000</b>	10,000
3,900 Shares of Rs.50 each of Shri Mahalaxmi Co-op. Bank Ltd.	<b>195,000</b>	195,000
5,000 Shares of Rs.100 each of Samarth Sahakari Bank Ltd.	<b>500,000</b>	500,000
200 Shares of Rs.25 each of Shamrao Vithal Co-op. Bank Ltd.	<b>5,000</b>	5,000
	<u><b>710,000</b></u>	<u>710,000</u>
<b>Schedule 8 - Inventories</b>		
Raw materials and Components	<b>95,684,970</b>	52,607,326
Stores and Spares	<b>8,533,511</b>	5,924,836
Work-in-Progress	<b>53,376,385</b>	38,846,692
Finished Goods	<b>65,335,129</b>	44,855,694
Traded Goods	<b>2,614,133</b>	2,140,276
	<u><b>225,544,128</b></u>	<u>144,374,824</u>
<b>Schedule 9 - Sundry Debtors</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	<b>94,221,622</b>	94,417,412
Considered doubtful	—	—
<b>Other debts</b>		
Unsecured, considered good	<b>136,485,152</b>	98,990,255
	<u><b>230,706,774</b></u>	<u>193,407,667</u>
<b>Schedule 10 - Cash and Bank Balances</b>		
Cash on hand	<b>211,264</b>	204,420
Balances with scheduled banks :		
On current accounts	<b>13,204,286</b>	9,252,967
On deposit accounts	<b>11,376,171</b>	8,988,582
Balance with non scheduled banks		
on current account with :		
Shri Mahalaxmi Co-operative Bank Ltd.	<b>7,823</b>	227,417
[Maximum balance during the year Rs.307,823 (Rs.1,127,417)]	<u><b>24,799,544</b></u>	<u>18,673,386</u>

## SCHEDULE TO THE ACCOUNTS

	2011	In Rs. 2010
<b>Schedule 11 - Loans And Advances</b>		
Unsecured considered good :		
Advances recoverable in cash or kind or for value to be received	44,428,369	39,131,200
Balances with customs, excise, etc.	522,099	1,293,498
	<u>44,950,468</u>	<u>40,424,698</u>
<b>Schedule 12 - Current Liabilities</b>		
Acceptances	4,158,587	4,333,068
Sundry Creditors :		
Other than Micro, Small & Medium Enterprises	154,763,110	131,557,583
Investor Education Protection Fund shall be credited by the following amounts namely :		
(a) Unpaid dividend	1,613,800	1,048,287
(b) Unpaid Matured Deposits	338,000	355,000
(c) Interest accrued on (b)	20,772	21,882
Other liabilities	14,598,797	10,557,481
Interest accrued but not due on loans	1,443,404	1,313,288
	<u>176,936,470</u>	<u>149,186,589</u>
<b>Schedule 13 - Provisions</b>		
Provision for taxation (net of advance payments)	10,330,489	6,383,738
Proposed dividend	6,800,000	6,800,000
Provision for warranty claims	1,200,000	200,000
Provision for leave encashment	2,500,522	1,777,852
Provision for gratuity	8,365,716	3,935,493
	<u>29,196,727</u>	<u>19,097,083</u>
<b>Schedule 14 - Sales</b>		
Sales (Gross)	961,943,223	695,494,445
Less: Excise duty recovered	77,387,684	43,174,977
	<u>884,555,539</u>	<u>652,319,468</u>



## SCHEDULE TO THE ACCOUNTS

		<b>In Rs.</b>
	<b>2011</b>	<b>2010</b>
<b>Schedule 15 - Other Income</b>		
Interest on Bank Deposits [Tax deducted at source Rs. 22,625 (Previous year Rs. 227,717)]	<b>470,565</b>	1,341,651
Dividend Income :		
Investment - Long term	<b>75,507</b>	82,750
Profit on sale of Fixed Assets	<b>3,700</b>	112,889
Lease Rent	<b>318,000</b>	318,000
Sale of Scrap	<b>3,085,852</b>	1,623,239
Miscellaneous Income	<b>692,910</b>	816,715
Foreign Exchange Fluctuation	<b>2,101,872</b>	1,650,426
	<b>6,748,406</b>	5,945,670
<b>Schedule 16 - Materials Consumed</b>		
Raw materials consumed	<b>480,855,776</b>	357,135,156
Stores and spares consumed	<b>16,956,959</b>	13,876,566
Processing charges	<b>39,754,624</b>	27,547,388
Cost of traded goods sold	<b>31,224,253</b>	19,017,703
	<b>568,791,612</b>	417,576,813
<b>(Increase)/Decrease in stocks</b>		
Opening stock :		
Work-in-progress	<b>38,846,692</b>	29,232,273
Finished goods	<b>44,855,694</b>	9,723,830
	<b>83,702,386</b>	38,956,103
Closing stock :		
Work-in-progress	<b>53,376,385</b>	38,846,692
Finished goods	<b>65,335,329</b>	44,855,694
	<b>118,711,514</b>	83,702,386
	<b>(35,009,128)</b>	(44,746,283)
Excise duty on Stock differential *	<b>1,418,492</b>	4,112,491
	<b>(33,590,636)</b>	(40,633,792)
	<b>535,200,976</b>	376,943,021

\* Represents excise duty relating to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in the profit and loss account represents excise duty on sales during the year.

## Schedule 17 - Payments and Benefits to Employees

Salaries, Wages and Bonus	<b>68,998,570</b>	51,088,219
Contribution to Provident Fund, Gratuity and other funds	<b>3,372,773</b>	2,351,228
Welfare Expenses	<b>2,560,314</b>	679,777
	<b>74,931,657</b>	54,119,224

## SCHEDULE TO THE ACCOUNTS

	2011	In Rs. 2010
<b>Schedule 18 - Operating and Other Expenses</b>		
Power & Fuel	10,938,945	7,870,932
Repairs and Maintenance :		
Plant and Machinery	7,981,059	6,908,723
Buildings	2,704,176	1,406,658
Rates and Taxes	343,388	206,467
Travel and Conveyance	16,958,836	11,321,851
Postage and Telephone	3,132,456	2,774,566
Printing and Stationery	3,144,770	2,147,774
Legal and Professional Fees	19,744,680	6,344,262
Insurance	1,592,130	1,232,090
Directors' Sitting Fees	250,000	40,000
Directors' Commission	629,525	783,124
Packing and Forwarding	21,202,136	11,854,610
Product Distribution Expenses	25,106,996	14,193,417
Sales Promotion Expenses	5,056,307	2,412,959
Loss on Sale of Fixed Assets	1,083,242	998,629
Cash Discount	17,659,121	11,368,287
Loss on Foreign Exchange Fluctuation	—	249,878
Rent	3,100,481	2,016,166
Other Miscellaneous Expenses	8,369,338	5,550,775
Warranty Expenses	1,000,000	—
	<b>149,997,586</b>	<b>89,681,168</b>
<b>Schedule 19 - Finance Charges</b>		
Interest		
On Fixed Loans	20,086,980	13,560,141
On other loans	14,482,747	12,089,373
Bank and other charges	3,834,418	3,501,314
	<b>38,404,145</b>	<b>29,150,828</b>
<b>Schedule 20 - Provision for Tax</b>		
Income Tax for the year :		
Current	21,529,225	19,878,860
Deferred	(3,976,000)	4,577,927
Adjustments for earlier year/s	669,465	689,071
	<b>18,222,690</b>	<b>25,145,858</b>

## **Schedule 21: NOTES FORMING PART OF THE ACCOUNTS**

### **1. 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**

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.

##### **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 transaction or on restatement at the year end is adjusted to Profit and Loss Account.
3. 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 DFRC and DEPB licenses 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.

**K. Taxation**

Provision for taxation for the current accounting period is made in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing difference between book profits and tax profits is accounted for at the applicable rate of tax to the extent timing differences are expected to crystallise, in the case of deferred tax assets with virtual certainty, that there would be adequate future taxable income against which deferred tax assets can be realised.

**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. Miscellaneous/Deferred Revenue Expenditure**

Voluntary Retirement Scheme compensation paid to employees is amortised over a period of four years.

**N. 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.

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

		<b>In Rs.</b>
	<b>2011</b>	<b>2010</b>
<b>2. Contingent Liabilities not provided for</b>		
Sales Tax	157,282	157,282
Income Tax	42,488	42,488
<b>3. Estimated amounts of contracts remaining to be executed on capital account and not provided for</b>	<b>17,499,862</b>	<b>4,538,387</b>
<b>4. Remuneration to Managing Director &amp; Executive Director (included under various heads of accounts)</b>		
i) Salary	3,999,795	2,708,374
ii) Commission	75,450	3,024,348
iii) Contribution to Provident Fund & Superannuation Fund, Gratuity	886,540	322,962
iv) Other perquisites	74,413	100,974
	<u>5,036,198</u>	<u>6,156,658</u>
<b>5. Details of Payments to Statutory Auditors</b>		
Audit Fees	160,000	120,000
In other capacity *	37,000	33,820
For Expenses	30,393	15,881
	<u>227,393</u>	<u>169,701</u>
* Certification of Miscellaneous Statements and Company Law Matters		
<b>6. Other Advances recoverable in Schedule 11 include :</b>		
Amount due from private limited companies in which Directors of the Company are Directors / Members (Trimurti Engineering Tools Pvt. Ltd.,)	350,754	917,154
<b>7. Computation of Net Profit as per Section 349 read with Sections 309(5) and 198 of the Companies Act, 1956, for calculation of remuneration payable to Directors:</b>		
Profit for the year before taxation	57,036,750	71,332,685
Add : 1. Directors' Sitting Fees	250,000	40,000
2. Remuneration to Directors	5,665,724	6,939,782
Net Profit for purposes of calculation of remuneration	<u>62,952,474 (A)</u>	<u>78,312,467</u>
Remuneration payable to Directors 9% on (A)	5,665,724	6,939,782

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

					In Rs.
					2010
					2011
<b>8. Licensed and Installed Capacities and Production</b>					
<b>a. Licensed and Installed Capacities :</b>					
<u>Product</u>	<u>Unit</u>	<u>Installed Capacity</u>		<u>Installed Capacity</u>	
Portable Power Tools	—	Refer note below		Refer note below	
Blowers	—	Refer note below		Refer note below	
Electricity	KWH per annum	3,800,000		4,100,000	
<b>Notes :</b>					
1. Most of the Plant and Machinery being common for different products manufactured by the Company and Installed Capacity being dependent on product mix, which in turn is decided by the actual demand for various products, from time to time, and also on availing subcontracting facilities, it is not feasible for the Company to indicate the exact Installed Capacity.					
2. The Company does not require license to manufacture the items produced by it.					
<b>b. Production :</b>					
<u>Product</u>	<u>Unit</u>	<u>Quantity</u>		<u>Quantity</u>	
Portable Power Tools	Nos.	225,811		161,728	
Blowers	Nos.	1,064		1,083	
Electricity	KWH	2,567,938		3,360,777	
<b>9. Quantitative Breakup in respect of Opening and Closing Stock of each class of goods</b>					
<u>Product</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
<b>Opening Stock :</b>					
<b>a. Goods manufactured</b>					
Portable Power Tools	Nos.	15935	32,829,694	3954	6,867,275
Blowers	Nos.	22	632,235	6	235,155
Spares	—	—	11,393,765	—	2,621,400
<b>b. Goods Traded</b>					
Portable Power Tools	Nos.	898	2,140,276	1120	2,768,793
			<u>46,995,970</u>		<u>12,492,623</u>
<b>Closing Stock :</b>					
<b>a. Goods manufactured</b>					
Portable Power Tools	Nos.	22149	47,076,816	15935	32,829,694
Blowers	Nos.	24	634,972	22	632,235
Spares	—	—	17,623,341	—	11,393,765
<b>b. Goods Traded</b>					
Portable Power Tools	Nos.	1561	2,614,133	898	2,140,276
			<u>67,949,262</u>		<u>46,995,970</u>

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

						In Rs.
						2011
						2010
<b>10. Purchase of Trading Goods</b>						
<u>Product</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	
Portable Power Tools	Nos.	2988	5,606,614	970	3,509,263	
Spares	—	—	26,091,496	—	14,879,923	
			<u>31,698,110</u>		<u>18,389,186</u>	
<b>11. Consumption of Raw Material with value and quantitative breakup (inclusive of components)</b>						
<u>Raw Material</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	
Ferrous Castings	Nos.	541932	57,524,353	400789	31,326,527	
Steel	Kgs.	249831	34,870,257	184002	19,535,859	
Non-Ferrous Castings	Kgs.	2024	1,579,084	1396	711,888	
Other	—	—	386,882,082	—	305,560,882	
			<u>480,855,776</u>		<u>357,135,156</u>	
<b>12. Value of Raw Material consumed and percentage thereof to the total consumption (inclusive of components)</b>						
<b>a. Imported</b>						
Value			130,809,245			101,307,845
Percentage to total consumption			27%			28%
<b>b. Indigenous</b>						
Value			350,046,531			255,827,311
Percentage to total consumption			73%			72%
			<u>480,855,776</u>			<u>357,135,156</u>
<b>13. Turnover (Net of Excise Duty)</b>						
	<u>Unit</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	
<b>Portable Power Tools :</b>						
Tools	Nos.	221922	557,528,959	150939	401,871,462	
Tools' Spares	—	—	226,297,982	—	150,179,286	
<b>Blowers :</b>						
Blowers	Nos.	1062	51,093,387	1067	48,805,098	
Blowers' Spares	—	—	36,021,347	—	37,523,869	
Electricity	KWH	2567938	11,245,910	3,360,777	12,291,118	
Export Benefit	—	—	2,367,954	—	1,648,635	
			<u>884,555,539</u>		<u>652,319,468</u>	
<b>14. Value of imports calculated on CIF basis</b>						
Raw Material, Components and Spares			169,282,363			100,136,523
Capital Goods			2,444,377			93,125,918



## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

		<b>In Rs.</b>
	<b>2011</b>	<b>2010</b>
<b>15. Expenditure in Foreign Currency</b>		
Travelling	1,009,785	2,518,854
Professional Fees	5,256,623	814,121
Others	829,461	568,099
<b>16. Earnings in Foreign Currency</b>		
FOB Value of exports	104,934,546	93,226,410
<b>17. Amount of borrowing costs capitalised during the period</b>	—	9,407,997
<b>18. Earning Per Share</b>		
a. Profit after tax as per the Profit & Loss Account (a)	38,814,060	46,186,827
b. Weighted average of No. of Shares (b)	3,400,000	3,400,000
c. Basic and Diluted Earnings Per Share of Rs. 5/- each (a / b)	11.42	13.58
<b>19. Segment Reporting</b>		
<b>I. Primary Report under Business Segments</b>		
<b><u>Revenue</u></b>		
Sales:		
Portable Power Tools	786,194,895	553,699,383
Blowers	87,114,734	86,328,967
Windmills	11,245,910	12,291,118
	<u>884,555,539</u>	<u>652,319,468</u>
<b><u>Segment Results (Gross)</u></b>		
Portable Power Tools	108,237,954	112,877,792
Blowers	8,841,130	3,845,229
Windmills	3,179,020	3,877,960
Total	<u>120,258,104</u>	<u>120,600,981</u>
Un-allocated Corporate Expenses	31,565,615	22,579,625
Operating Profit	88,692,489	98,021,356
Interest Expense	38,404,145	29,150,828
Other Income	6,748,406	5,945,670
Loss / Profit from ordinary activity	57,036,750	74,816,198
Exceptional Items :		
VRS Compensation	—	3,483,513
Profit before tax	57,036,750	71,332,685

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

		<b>In Rs.</b>
	<b>2011</b>	<b>2010</b>
<b>Segment Assets</b>		
Portable Power Tools	681,249,088	568,960,163
Blowers	92,542,477	84,326,243
Windmills	70,436,568	79,489,245
<b>Total</b>	<b>844,228,133</b>	<b>732,775,651</b>
Add: Un-allocated Corporate Assets	80,869,192	76,019,282
	<b>925,097,325</b>	<b>808,794,933</b>
<b>Segment Liabilities</b>		
Portable Power Tools	150,762,423	121,402,208
Blowers	20,423,133	19,604,689
Windmills	—	54,198
<b>Total</b>	<b>171,185,556</b>	<b>141,061,095</b>
Add: Un-allocated Corporate Liabilities	445,567,383	394,227,502
	<b>616,752,939</b>	<b>535,288,597</b>
<b>Capital Expenditure</b>		
Portable Power Tools	27,405,780	133,862,917
Blowers	197,311	2,036,777
Windmills	—	—
<b>Total</b>	<b>27,603,091</b>	<b>135,899,694</b>
<b>Depreciation</b>		
Portable Power Tools	23,489,094	20,944,644
Blowers	4,837,105	4,724,209
Windmills	5,416,388	5,665,246
<b>Total</b>	<b>33,742,587</b>	<b>31,334,099</b>
<b>Non-cash expenses other than depreciation</b>		
Portable Power Tools	2,314,501	2,602,975
Blowers	1,566,801	972,621
Windmills	—	—
<b>Total</b>	<b>3,881,302</b>	<b>3,575,596</b>
<b>II. Secondary Business Segments</b>		
The distribution of the Company's sales by geographical market is as under :		
<u>Net Sales</u>		
India	777,253,039	557,444,423
Outside India	107,302,500	94,875,045
	<b>884,555,539</b>	<b>652,319,468</b>

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

### Significant Accounting Policies relating to Segment Reporting

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

## 20. Employee Benefits

Disclosure under AS - 15 ( Revised 2005)

	2011	In Rs. 2010
<b>I. Defined Contribution Plan</b>		
Contribution to Defined Contribution Plans, recognised as expense for the year are as under :		
Employer's Contribution to Provident Fund	2,977,273	2,234,279
Employer's Contribution to Superannuation Fund	854,127	418,192
<b>II. Defined Benefits Plan</b>		
<b>Gratuity</b>		
Gratuity is payable to all eligible employee 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.		
<b>i) Assumptions</b>		
Mortality as per -1994-96	LIC Ult table	LIC Ult table
Interest / Discount Rate	8.25 %	8 %
Rate of increase in compensation	3 %	5 %
Rate of return (expected) on plan assets	8 %	8 %
Employee Average Attrition Rate	2 %	2 %
<b>ii) Changes in present value of obligations</b>		
PVO at beginning of period	5,699,849	5,496,186
Interest cost	455,988	413,469
Current Service Cost	832,082	570,248
Benefits Paid	(14,740)	(1,462,707)
Actuarial (gain)/loss on obligation	4,262,809	682,653
PVO at end of period	11,235,988	5,699,849
<b>iii) Changes in Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	1,764,356	2,827,751
Expected Return on Plan Assets	141,148	184,717
Contributions	928,788	212,567
Benefit Paid	(14,740)	(1,462,707)
Actuarial gain/(loss) on Plan Assets	50,720	2,028
Fair Value of Plan Assets at end of period	2,870,272	1,764,356

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

	2011	In Rs. 2010
<b>iv) Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	1,764,356	2,827,751
Actual Return on Plan Assets	191,868	186,745
Contributions	928,788	212,567
Benefit Paid	(14,740)	(1,462,707)
Fair Value of Plan Assets at end of period	2,870,272	1,764,356
<b>v) Actuarial Gain/(Loss) Recognized</b>		
Actuarial (Gain)/Loss for the period (Obligation)	4,262,809	(682,653)
Actuarial Gain/(Loss) for the period (Plan Assets)	(50,720)	2,028
Total Gain/(Loss) for the period	4,212,089	(680,625)
Actuarial Gain/(Loss) recognized for the period	4,212,089	(680,625)
Unrecognized Actuarial Gain/(Loss) at end of period	—	—
<b>vi) Amounts to be recognized in the Balance Sheet and Statement of Profit &amp; Loss Account</b>		
PVO at end of period	11,235,988	5,699,849
Fair Value of Plan Assets at end of period	2,870,272	1,764,356
Funded Status	(8,365,716)	(3,935,493)
Unrecognized Actuarial Gain/(Loss)	—	—
Net Asset/(Liability) recognized in the Balance Sheet	(8,365,716)	(3,935,493)
<b>vii) Expense recognized in the Statement of Profit and Loss Account</b>		
Current Service Cost	832,082	570,248
Interest Cost	455,988	413,469
Expected Return on Plan Assets	(141,148)	(184,717)
Net Actuarial (Gain)/Loss recognized for the period	4,212,089	680,625
Expense recognized in the Statement of Profit and Loss Account in Schedule 17 - Payments and Benefits to Employees	5,359,011	1,479,625
<b>viii) Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	3,935,493	2,668,435
Expenses as above	5,359,011	1,479,625
Contribution paid	(928,788)	(212,567)
Closing Net Liability	8,365,716	3,935,493
<b>ix) Category of Assets</b>		
Insurer Managed Funds	2,870,272	1,764,356

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.

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

- 21.** There are claims on the Company raised by an ex-dealer. The Company is advised that the claims are not tenable either on the facts or in law. The Company has not acknowledged them as debt and has already initiated legal action against the ex-dealer.

**22. Leased Assets:**

Disclosure as per Accounting Standard-19 on Leases as per Companies Accounting Standards Rules:

- 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 :

	<b>In Rs.</b>	
<b>Period</b>	<b>2011</b>	<b>2010</b>
Not later than one year	<b>2,520,578</b>	3,129,696
Later than one year and not later than five years	<b>2,997,902</b>	3,607,780
Later than five years	—	—
<b>Total</b>	<b>5,518,480</b>	<b>6,737,476</b>
iii) Lease payment recognised in Profit & Loss Account for the year	<b>3,100,481</b>	2,016,166

- 23.** Details of provisions and movements in each class of provisions.

	<b>In Rs.</b>	
<b>Particulars</b>	<b>2011</b>	<b>2010</b>
Carrying amount at the beginning of the year :		
Warranty	<b>200,000</b>	200,000
Additional provision made during the year :		
Warranty	<b>1,000,000</b>	—
Amount used during the year :		
Warranty	—	—
Unused amounts reversed during the year :		
Warranty	—	—
Carrying amount at the end of the year :		
Warranty	<b>1,200,000</b>	200,000

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.

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

## Schedule 21 - NOTES FORMING PART OF THE ACCOUNTS (contd.)

### 25. 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 :

<b>1. Key Management Personnel (KMP)</b>	<b>Designation</b>
i. Shri Prakash A.Kulkarni	Managing Director (M.D.)
ii. Shri Dilip B. Kulkarni	Executive Director (E.D.)
<b>2. Relatives of Key Management Personnel</b>	<b>Nature of relationship</b>
<b>Name of the transacting related party</b>	
i. Late Smt. Malati A.Kulkarni	Mother of M.D.
ii. Shri Ajit A. Kulkarni	Brother of M.D.
iii. Shri Ashok A. Kulkarni	Brother of M.D.

#### Disclosure of Related Party Transactions

<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>Rs. Key Management Personnel (KMP)</b>	<b>Rs. Relatives of KMP</b>	<b>Rs. Total</b>
1.	Remuneration paid	<b>5,036,198</b> (6,156,658)	— (210,480)	<b>5,036,198</b> (6,367,138)
2.	Deposits Refunded	— (600,000)	— (1,217,000)	— (1,817,000)
3.	Interest Paid	— (28,973)	— (1,440)	— (30,413)
4.	Dividend Paid	— (82,744)	<b>199,440</b> (181,152)	<b>199,440</b> (263,896)
5.	Outstanding Balances as on 31-03-2011			
	Payables	<b>148,050</b> (3,202,346)	— (—)	<b>148,050</b> (3,202,346)

**26.** Figures of the previous year have been regrouped where necessary.

**27.** Figures in the brackets pertain to previous year.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details :

CIN L29130MH1976PLC019147 Balance Sheet Date 31<sup>st</sup> March, 2011

### II. Capital issued during the year :

	<u>Rs.'000</u>		<u>Rs.'000</u>
Public Issue	—	Rights Issue	—
Bonus Issue	—	Private Placement	—

### III. Position of Mobilisation and Deployment of Funds :

Total Liabilities	<u>718,964</u>	Total Assets	<u>718,964</u>
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#### Sources of Funds :

Paid up Capital	17,000
Reserves and Surplus	241,773
Secured Loans	327,079
Unsecured Loans	91,443
Deferred Tax Liability (Net)	41,669

718,964

#### Application of Funds :

Net Fixed Assets	397,667
Investments	710
Net Current Assets	320,587
Miscellaneous Expenditure	—

718,964

### IV. Performance of the Company :

Turnover (Net of Excise Duty)	884,556	Profit / (Loss) before Tax	57,037
Total Expenditure	834,267	Profit / (Loss) after Tax	38,814

Rate of Dividend	40 %	Earning per Share of Rs.5 each	<u>Rs.</u> 11.42
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### V. Generic names of Principal Products / Services (as per monetary terms) :

Drills	I.T.C. code	84672100
Grinders	I.T.C. code	84672900
Sanders	I.T.C. code	84672900
Root Blowers	I.T.C. code	84145930

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

Nikhil M. Shevade  
Partner  
Membership No. 217379

Place : Pune  
Date : 26<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

P.A. Kulkarni  
Vice Chairman & Managing Director

S.N. Inamdar  
Chairman

Place : Pune  
Date : 26<sup>th</sup> May, 2011

## KULKARNI POWER TOOLS LTD.

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

### ATTENDANCE SLIP

**35<sup>th</sup> ANNUAL GENERAL MEETING  
on 13<sup>th</sup> August, 2011**

I certify that I am a registered member / proxy for the registered member of the Company. I hereby record my presence at the 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company, being held at Shirol - 416 103, Dist. Kolhapur, at 11.30 a.m., on Saturday, the 13<sup>th</sup> August, 2011.

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 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 13<sup>th</sup> August, 2011, at 11.30 a.m., and at any adjournment thereof.

As witness my hand / our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

(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.



**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.**

Shirol 416 103, Dist. Kolhapur,  
Maharashtra, India

Phone :02322 661500

Fax :02322 661546

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