



India's Leading Power Tool Company

36th Annual Report 2011 - 2012

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-sixth Annual General Meeting of the Members of Kulkarni Power Tools Ltd., will be held on Saturday, the 29th day of September, 2012, at 4.00 p.m., at the Registered Office of the Company at Shirol-416 103, Dist.Kolhapur, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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. S.N.Inamdar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.S.Shirgaokar, 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 Executive Director

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

“RESOLVED THAT 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.Dilip Kulkarni as an Executive Director of the Company for a period of five years with effect from 1st April, 2012, upon the terms and conditions including remuneration, set out in the draft Agreement to be entered into with Mr.Dilip 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, from time to time, as may be agreed to between the Board of Directors and Mr.Dilip Kulkarni.”

“ RESOLVED FURTHER THAT Notwithstanding anything contained above, if the profits under Section 349 are not adequate to pay the above remuneration, the Executive Director shall be paid the above remuneration by way of a salary and perquisites, as stipulated in the aforesaid agreement, 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.”

By Order of the Board of Directors

Mumbai
29th May, 2012

Dilip Kulkarni
Executive Director

NOTES :

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2] 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 22nd September, 2012 to 29th September, 2012 (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 29th September, 2012.
- 5] The Company has transferred the unclaimed dividends declared upto the financial year 2004 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 2005 to 2011 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.
- 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 M/s. Link Intime India Pvt.Ltd., at the following address:

M/s. Link Intime India Pvt.Ltd.,
Unit: Kulkarni Power Tools Limited
Block No.2, Akshay Complex,
Near Ganesh Temple,
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.

Explanatory Statement Pursuant to Sections 173(A) and 192 (A) of the Companies Act, 1956.

ITEM 6

Mr.Dilip Kulkarni was appointed as Whole-time Director on 26th July, 2007, for a period of 5 years w.e.f. 26th July, 2007 to 31st March, 2012, which was approved by Shareholders at 31st Annual General Meeting held on 13th September, 2007.

The Remuneration Committee, by way of a resolution dated 8th June, 2010, re-designated Mr.Dilip Kulkarni, as Executive Director of the Company with revision in his remuneration w.e.f. 1st April, 2010, and this was approved by the Shareholders at 34th Annual General Meeting held on 21st August, 2010.

On expiry of the term of Mr.Dilip Kulkarni on 31st March, 2012, by way of Board Resolution dated 29th May, 2012, he is re-appointed as an Executive Director for a further period of 5 years with effect from 1st April, 2012, at the same remuneration and perquisites, currently paid to him.

The remuneration and the perquisites of Mr.Dilip Kulkarni, as approved by the Remuneration Committee in its meeting held on 29th May, 2012, 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 under the provisions of Section 269, 309 and Schedule XIII of the Companies Act, 1956, for the period of 5 years upto 31st March, 2017. The material terms of reappointment of Mr.Dilip Kulkarni as an Executive Director, as set out in a draft agreement, are as follows :

I. Salary – Basic ₹ 1,25,000 per month

II Perquisites, Benefits and Allowances

- i) In addition to the salary and commission payable, the Executive Director shall also be entitled to perquisites and allowances like reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement, club fees and leave travel and allowances in accordance with the rules of the Company or as may be agreed to by the Board and Executive 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.
- iii) Leave and encashment of unavailed leave as per the rules of the Company.
- iv) Company's contribution to Provident Fund and Superannuation Fund, as per rules of the Company.
- v) Gratuity - As per the rules of the Company.
- vi) 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 3% of the profit of the Company.

Notwithstanding anything contained above, if the profits under Section 349 are not adequate to pay the above remuneration, the Executive Director shall be paid the above remuneration by way of a salary and perquisites, as above, as the minimum remuneration.

Except Mr. Dilip Kulkarni, none of the directors are concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai
29th May, 2012

Dilip Kulkarni
Executive Director

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 36th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS :

		In ₹
	2012	2011
Turnover	900,637,064	884,555,539
Profit Before Interest, Depreciation & Tax	99,470,937	131,173,726
Less : Interest	40,928,034	38,404,145
Less : Depreciation	38,441,810	35,732,831
Profit Before Tax	20,101,093	57,036,750
Less : Provision for Taxation including Deferred Tax Liability	6,451,120	18,222,690
Profit After Tax	13,649,973	38,814,060
Add : Amount brought forward from last year	25,746,054	24,835,124

APPROPRIATIONS :

Profit available for Appropriation	39,396,027	63,649,184
Proposed Dividend	2,125,000	6,800,000
Tax on Proposed Dividend	344,728	1,103,130
Transfer to General Reserve	7,000,000	30,000,000
Balance carried forward to Balance Sheet	29,926,299	25,746,054

MANAGEMENT REVIEW :

The Indian economy has shown signs of uncertainty in the year mainly on account of inflationary pressure. The impact of adverse exchange rate added to the problems of the Indian companies. Unfortunately, your Company also has suffered due to these factors.

These factors have pressurised your Company to look inward and improve the systems across the Company. This process is continued. We believe that your Company will deliver good results in the coming year.

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 ₹ 1241.56 lacs which was ₹ 1049.35 lacs in the previous year.

DIVIDEND :

Your Directors are pleased to recommend a payment of dividend at the rate of 12.5% for the year ended 31st March, 2012.

FIXED DEPOSITS :

During the year, the Company accepted Fixed Deposits of ₹ 24,85,000 and repaid the Fixed Deposits of ₹ 29,62,000. Whereas, 14 deposit holders aggregating fixed deposits of ₹ 3,21,000 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.S.N.Inamdar and Mr.S.S.Shirgaokar, 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, Vice Chairman & Managing Director and Mr.Dilip Kulkarni, Executive Director, in the progress of the Company.

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

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

For & On behalf of the Board of Directors

Place : Mumbai
Date : 29th May, 2012

S.N. Inamdar
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

[Particulars as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2012]

A) CONSERVATION OF ENERGY

This industry does not fall under Schedule prescribed under Rule(2). Efforts are made to keep the consumption of Power and Fuel to a minimum level. Kulkarni Power Tools Ltd., also generate clean power by use of wind power 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 nine 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 : ₹ 1241.56 Lacs

Outgo	:	a)	Material	₹	1027.06	Lacs
		b)	Others	₹	58.46	Lacs
		c)	Capital Goods	₹	92.80	Lacs
			Total	₹	1178.32	Lacs

For & On behalf of the Board of Directors

Place : Mumbai
Date : 29th May, 2012

S.N.Inamdar
Chairman

FORM
[SEE RULE 3]

CIN : L29130MH1976PLC019147

Nominal Capital : ₹ 8,00,00,000/-

COMPLIANCE CERTIFICATE

To,

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

We have examined the registers, records, books and papers of **M/s. Kulkarni Power Tools Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. 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 **Four** times on 26.05.2011, 13.08.2011, 14.11.2011 and 10.02.2012 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 03.08.2011 to 13.08.2011 (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 31.03.2011 was held on 13.08.2011 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 in accordance with the provisions of the Act.
- (ii) deposited the amount of dividend declared in a separate Bank Account on 16th August 2011 which is within five days from the date of declaration of such dividend.
- (iii) paid / posted warrants for dividend to all members within a period of thirty days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the said bank i.e. IDBI Bank Limited and The Federal Bank Limited.
- (iv) transferred the amounts in unpaid dividend account, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
- (v) duly complied with the requirements of Section 217 of the Act.

14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the Financial Year.

15. The appointment of Managing Director has been made in compliance with the provisions of the Act.

16. The Company has not appointed any Sole Selling Agents during the financial year.

17. The Company has applied for the necessary approvals of the Central Government under Section 269 read with Schedule XIII of the Companies Act, 1956 for the purpose of payment of remuneration in excess of limits specified under Schedule XIII, however, the approval is awaited as on 31st March 2012.

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 Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975, in respect of deposits accepted including the unsecured loans taken amounting to ₹ 1,62,51,000/- 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 19/08/2011. The Company has also filed return of deposit with the Registrar of Companies Maharashtra, Pune.

24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others, during the financial year ending 31st March 2012, 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 not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For MRM ASSOCIATES
COMPANY SECRETARIES

CS M. B. KASODEKAR
PARTNER

C. P. No.: 1681
FCS: 2756

Place : Pune
Date : 30th April, 2012

Annexure "A"
Statutory Registers

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

Annexure “B”

Forms and Returns as filed by the Company with the Registrar of Companies, Central Government during the financial year ending on 31st March, 2012.

Sr. No.	Form No/ Return	Filed under Section	Particulars	Date of event	Date of filing	Whether filed within the prescribed time	If delay in filing whether requisite additional fees paid Yes/No
1.	Form 8	125	Creation of Charge	04/05/2011	02/06/2011	YES	NA
2.	Form 8	125	Creation of Charge	04/05/2011	03/06/2011	YES	NA
3.	Form 8	125	Creation of Charge	12/05/2011	03/06/2011	YES	NA
4.	Form 8	125	Creation of Charge	18/05/2011	07/06/2011	YES	NA
5.	Form 62	58A	Return of Fixed Deposits	31/03/2011	16/06/2011	YES	NA
6.	Form 25A	269 (2)	Increase in remuneration to the Managing Director	26/05/2011	27/06/2011	YES	NA
7.	Form 23	192	Registration of Resolution	26/05/2011	27/06/2011	NO	YES
8.	Form 32	303 (2)	Change in designation of Director	01/04/2011	29/06/2011	NO	YES
9.	Form 17	138	Satisfaction of Charge	10/6/2011	02/07/2011	YES	NA
10.	Form 8	125	Creation of Charge	07/06/2011	06/07/2011	YES	NA
11.	Form 8	125	Creation of Charge	07/06/2011	06/07/2011	YES	NA
12.	Form 8	125	Creation of Charge	07/06/2011	06/07/2011	YES	NA
13.	Form 8	125	Modification of Charge	23/06/2011	14/07/2011	YES	NA
14.	Form 8	125	Modification of Charge	23/06/2011	14/07/2011	YES	NA
15.	Form 8	125	Modification of Charge	23/06/2011	14/07/2011	YES	NA
16.	Form 8	125	Modification of Charge	02/07/2011	01/08/2011	YES	NA
17.	Form 8	125	Modification of Charge	02/07/2011	01/08/2011	YES	NA
18.	Form 8	125	Modification of Charge	02/07/2011	01/08/2011	YES	NA
19.	Form 8	125	Modification of Charge	02/07/2011	01/08/2011	YES	NA
20.	Form 8	125	Modification of Charge	02/07/2011	01/08/2011	YES	NA
21.	Form 62	58A	Statement in Lieu of Advertisement	13/08/2011	19/08/2011	YES	NA
22.	Form 23	192	Registration of Special resolution	13/08/2011	29/08/2011	YES	NA
23.	Form 66	383A	Secretarial Compliance Certificate for the year ended 31 st March 2011	13/08/2011	02/09/2011	YES	NA

Sr. No.	Form No/ Return	Filed under Section	Particulars	Date of event	Date of filing	Whether filed within the prescribed time	If delay in filing whether requisite additional fees paid Yes/No
24.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed Dividend for F.Y. 2003-04. Acknowledgment for submission of Form 1 IEPF	17/09/2011	17/09/2011 - 19/09/2011	YES	NA
25.	Form 20B	159	Annual Return made upto the date of AGM	13/08/2011	01/10/2011	YES	NA
26.	Form 8	125	Creation of Charge	23/09/2011	13/10/2011	YES	NA
27.	Form 23 AC & 23 ACA	210, 220	Balance sheet and profit and loss account for the financial year ended on 31st March 2011	13/08/2011	07/11/2011	YES	NA
28.	Form 8	125	Creation of Charge	22/10/2011	21/11/2011	YES	NA
29.	Form 1	Rule 3 of (IEPF Rules 2001)	Unclaimed matured deposits for F.Y. 2004-05. Acknowledgment for submission of Form 1 IEPF	26/12/2011	26/12/2011 - 26/12/2011	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 2003-04 and 2004-05 respectively, as per the Investor Education & Protection Fund (Awareness and Protection of Investors) Rules, 2001 on 17.09.2011 and 26.12.2011, respectively.

For MRM ASSOCIATES
COMPANY SECRETARIES

CS M. B. KASODEKAR
PARTNER

Place : Pune
Date : 30th April, 2012

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 31st March, 2012 and the Profit and 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 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012, 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 31st March, 2012;
 - (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 : Mumbai
Date : 29th May, 2012

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

Nikhil M. Shevade
Partner
Membership No: 217379

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 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 Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits)

Rules, 1975, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board in respect of the said provisions.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts and records maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

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

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

Nature of Dues	Amount (₹)	Forum where dispute is pending
Sales Tax	57,282	Appellate Authority, New Delhi

- (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 : Mumbai
Date : 29th May, 2012

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

Nikhil M. Shevade
Partner
Membership No: 217379

BALANCE SHEET AS AT 31ST MARCH 2012

	Note No.	2012	In ₹ 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	17,000,000	17,000,000
(b) Reserves and Surplus	2	252,952,810	241,772,565
		<u>269,952,810</u>	<u>258,772,565</u>
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	176,975,690	186,377,460
(b) Deferred Tax Liabilities (Net)	4	41,514,701	41,668,701
(c) Other Long-Term Liabilities	5	2,759,216	2,419,216
(d) Long-Term Provisions	6	8,054,667	10,263,878
		<u>229,304,274</u>	<u>240,729,255</u>
(3) Current Liabilities			
(a) Short-Term Borrowings	7	203,500,496	189,244,858
(b) Trade Payables		114,778,982	131,136,652
(c) Other Current Liabilities	8	95,483,388	86,281,156
(d) Short-Term Provisions	9	10,466,524	18,932,849
		<u>424,229,390</u>	<u>425,595,515</u>
TOTAL		<u>923,486,474</u>	<u>925,097,335</u>
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		418,440,892	395,282,427
(ii) Intangible Assets		614,267	1,511,731
(iii) Capital work-in-progress		2,736,559	872,718
(b) Non-current investments	11	710,000	710,000
(c) Long-term loans and advances	12	6,965,140	8,429,146
(d) Other non-current assets	13	5,892,967	2,300,000
		<u>435,359,825</u>	<u>409,106,022</u>
(2) Current Assets			
(a) Inventories	14	185,113,795	225,544,128
(b) Trade Receivables	15	238,124,691	231,608,144
(c) Cash and Bank Balances	16	23,112,265	22,499,544
(d) Short-Term loans and advances	17	40,477,397	35,360,642
(e) Other current assets	18	1,298,501	978,855
		<u>488,126,649</u>	<u>515,991,313</u>
TOTAL		<u>923,486,474</u>	<u>925,097,335</u>
Additional Notes forming part of the Financial Statement	27 to 47		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants

Nikhil M. Shevade
Partner

Place : Mumbai
Date : 29th May, 2012

For and on behalf of the Board of Directors

P.A. Kulkarni
Vice Chairman & Managing Director

S.N. Inamdar
Chairman

Place : Mumbai
Date : 29th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Note No.	2012	In ₹ 2011
I. Revenue from Operations			
Sales of products		975,344,412	961,943,223
Less : Excise Duty		74,707,348	77,387,684
	35 & 36	900,637,064	884,555,539
Other operating revenues		4,225,643	3,666,701
		904,862,707	888,222,240
II. Other Income	19	1,907,022	979,833
III. Total Revenue (I+II)		906,769,729	889,202,073
Expenses			
Cost of raw materials and components consumed	20	396,012,684	477,924,691
Purchase of stock-in-trade	21	91,189,191	31,698,110
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	22,508,182	(34,064,493)
Employee benefits expense	23	80,768,954	74,931,657
Finance costs	24	40,928,034	38,404,145
Depreciation and amortisation expense	25	38,441,810	35,732,831
Other expenses	26	203,635,078	209,640,254
IV. Total Expenses		873,483,933	834,267,195
V. Profit before exceptional and extraordinary items (III-IV)		33,285,796	54,934,878
VI. Exceptional items			
Net (gain)/loss on foreign currency transactions and translation.		13,184,703	(2,101,872)
VII. Profit before extraordinary items and tax (V-VI)		20,101,093	57,036,750
VIII. Extraordinary Items		---	---
IX. Profit before Tax (VII-VIII)		20,101,093	57,036,750
X. Tax Expense			
Current Tax (including Wealth Tax)		6,605,120	22,198,690
Deferred Tax		(154,000)	(3,976,000)
XI. Profit/(Loss) for the period [Profit After Tax]		13,649,973	38,814,060
XII. Earnings per equity share - Basic and Diluted	40	4.00	11.42
Additional Notes forming part of the Financial Statement	27 to 47		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants

Nikhil M. Shevade
Partner

Place : Mumbai
Date : 29th May, 2012

For and on behalf of the Board of Directors

P.A. Kulkarni
Vice Chairman & Managing Director

S.N. Inamdar
Chairman

Place : Mumbai
Date : 29th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	2012	In ₹ 2011
A. Cash flow from operating activities		
Net profit before taxation	20,101,090	57,036,750
Adjustments for :		
Depreciation	38,441,810	35,732,831
Loss / Profit on sale of fixed assets	(160,163)	1,079,542
Interest income	(1,431,517)	(470,565)
Dividend income	(81,850)	(75,507)
Interest expenses	40,928,034	38,404,145
Operating profits before working capital changes	97,797,404	131,707,196
(Increase)/decrease in trade and other receivables	(15,540,320)	(39,568,242)
(Increase)/decrease in inventories	40,430,333	(81,169,304)
Increase/(decrease) in trade and other payables	(16,381,284)	33,208,255
Cash generated from operations	106,306,133	44,177,905
Income tax paid	(12,430,900)	(18,225,674)
Net cash from operating activities	93,875,233	25,952,231
B. Cash flow from investing activities		
Purchase of fixed assets	(63,105,916)	(27,929,097)
Proceeds from sale of fixed assets	699,427	4,290,122
Advance for Purchase of fixed assets	5,349,230	(2,256,635)
Interest received	1,133,671	115,104
Dividends received	81,850	75,507
Investment in bank deposits (having original maturity of more than three months)	(3,101,119)	(2,662,106)
Net cash from investing activities	(58,942,857)	(28,367,105)
C. Cash flow from financing activities		
Proceeds from long term borrowings	35,702,940	9,654,300
Repayment of long term borrowings	(35,365,627)	(38,915,419)
(Repayment)/proceed of/from other borrowings (net)	12,669,166	81,021,607
Interest paid	(39,098,924)	(38,517,680)
Dividends paid	(6,632,232)	(6,234,487)
Tax on dividend paid	(1,103,130)	(1,129,395)
Net cash used in financing activities	(33,827,807)	5,878,926
Net increase in cash and cash equivalents	1,104,569	3,464,052
Cash and cash equivalents at the beginning of the year	13,423,373	9,959,321
Cash and cash equivalents at the end of the year	14,527,942	13,423,373

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 taxes 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 Note 16 in the Balance Sheet.
- Previous year's figures have been regrouped to conform with the current year's presentation.

As per our report of even date attached

M/s. P.G. Bhagwat
Chartered Accountants

Nikhil M. Shevade
Partner

Place : Mumbai
Date : 29th May, 2012

For and on behalf of the Board of Directors

P.A. Kulkarni
Vice Chairman & Managing Director

S.N. Inamdar
Chairman

Place : Mumbai
Date : 29th May, 2012

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. SHARE CAPITAL

(A)	Authorised, Issued, Subscribed and Paid-up Share Capital and par value per share	In ₹	
		2012	2011
	Authorised Share Capital		
	10,000,000 equity shares of ₹ 5 each	50,000,000	50,000,000
	(Previous year 10,000,000 equity shares of ₹ 5 each)		
	3,000,000 preference shares of ₹ 10 Each	30,000,000	30,000,000
	(Previous year 3,000,000 preference shares of ₹ 10 each)		
		<u>80,000,000</u>	<u>80,000,000</u>
	Issued, Subscribed and Fully Paid-up Share Capital		
	3,400,000 equity shares of ₹ 5 each	17,000,000	17,000,000
	(Previous year 3,400,000 equity shares of ₹ 5 each)		

(B)	Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
	Number of shares outstanding as at the beginning of the year	3,400,000	3,400,000
	Add:		
	Number of shares allotted as fully paid up bonus shares during the year	---	---
	Number of shares allotted during the year as fully paid-up pursuant to a contract without payment being received in cash	---	---
	Number of shares allotted to employees pursuant to ESOPs/ ESPs	---	---
	Number of shares allotted for cash pursuant to public issue	---	---
	Less:		
	Number of shares brought back during the year	---	---
	Number of shares outstanding as at the end of the year	3,400,000	3,400,000

(C) Rights of equity shareholders

The Company has only one class of equity shares, having par value of ₹ 5/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors, subject to the necessary approval from the shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(D) Shares in the Company held by each shareholder holding more than 5% shares

Sr. No.	Name of the shareholder	Number of shares held in the Company	
		2012	2011
1	Suvina Engineers Private Ltd.	778,812	778,812
2	Kulkarni Power Tools Employees Welfare Trust	324,000	324,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

2	RESERVES AND SURPLUS	In ₹	
		2012	2011
	(A) Capital Reserves		
	Profit on reissue of forfeited shares	14,926	14,926
	Capital subsidy	2,280,000	2,280,000
	Less: Amount transferred to General Reserve	2,280,000	---
		<u>14,926</u>	<u>2,294,926</u>
	(B) Securities Premium Account	31,092,928	31,092,928
	(C) Revaluation Reserve	32,426,523	32,426,523
	(D) General Reserve		
	Balance as per last financial statement	150,212,134	120,212,134
	Add: Amount transferred from Capital Reserve	2,280,000	---
	Add: Transferred from statement of Profit and Loss	7,000,000	30,000,000
		<u>159,492,134</u>	<u>150,212,134</u>
	(E) Surplus in the statement of Profit and Loss		
	Balance as per last financial statement	25,746,054	24,835,124
	Profit for the year	13,649,973	38,814,060
	Less: Appropriations:		
	Proposed Dividend on equity shares	2,125,000	6,800,000
	Tax on proposed equity dividend	344,728	1,103,130
	Transfer to General Reserve	7,000,000	30,000,000
	Net Surplus in the statement of Profit and Loss	<u>29,926,299</u>	<u>25,746,054</u>
	Total Reserves and Surplus	<u>252,952,810</u>	<u>241,772,565</u>

3 LONG-TERM BORROWINGS

(A) TERM LOANS FROM BANKS (Secured)

Term loan from IDBI Bank Ltd.,(interest @ base rate + 2.5%, secured by hypothecation of Windmill and mortgage of immovable property. Repayable in 72 monthly instalments starting from 31 st July, 2007)	2,366,592	10,413,246
Term loan from IDBI Bank Ltd.,(interest @ base rate + 2.5%, secured by hypothecation of machineries and mortgage of immovable property. Repayable in 17 quarterly instalments starting from 31 st July, 2010)	10,491,891	17,891,252
Buyers Credit from IDBI Bank Ltd., (interest @ Libor + 2% secured by hypothecation of machineries and mortgage of immovable property. Repayable in 16 quarterly instalments after conversion into Rupee Term Loan)	45,684,000	40,473,000
Term loan from Bank of Maharashtra (interest @ base rate + 2.5%, secured by hypothecation of machineries and mortgage of immovable property. Repayable in 20 quarterly instalments starting from 31 st May, 2008)	---	8,251,959

NOTES FORMING PART OF FINANCIAL STATEMENTS

	In ₹	
	2012	2011
Term loan from Bank of Maharashtra (interest @ base rate + 2.5%, secured by hypothecation of dies, moulds and machineries and mortgage of immovable property. Repayable in 20 quarterly instalments starting from 31 st March, 2010)	8,567,947	7,030,550
Term loan from Shree Mahalaxmi Co-Op. Bank Ltd.,(interest @ 12.50%, secured by mortgage of immovable property. Repayable in 60 monthly instalments starting from 25 th March, 2010)	8,442,213	12,606,809
Term loan from Samarth Sahakari Bank Ltd.,(interest @ 13.25%, secured by mortgage of immovable property. Repayable in 60 monthly instalments starting from 20 th January, 2010)	5,137,434	7,863,102
Buyers Credit from Bank of Maharashtra, (interest @ Libor + 2%, secured by hypothecation of machinery and mortgage of immovable property. Repayable after three years from the date of availment)	6,852,600	---
Term loan from IDBI Bank Ltd.,(interest @ base rate + 2.5%, secured by hypothecation of machineries and mortgage of immovable property. Repayable in 60 monthly instalments starting from 1 st April, 2012)	9,251,772	---
Term loan from HDFC Bank Ltd., (interest @ 11.25%, secured by hypothecation of Vehicles acquired out of the loan. Repayable in 36 monthly instalments)	813,135	420,364
	97,607,584	104,950,282
(B) TERM LOAN FROM OTHERS (Secured)		
Term loan from Tata Capital Limited (interest @ 12%, secured by hypothecation of vehicles acquired out of the loan. Repayable in 36 monthly instalments)	1,522,407	3,277,701
Total Secured Term Loans	99,129,991	108,227,983
Out of above loans		
Loans guaranteed by Managing Director	96,794,449	104,529,918
(C) PUBLIC DEPOSITS (UNSECURED)	14,554,000	13,362,000
(D) INTEREST FREE SALES TAX DEFERRED PAYMENT LIABILITY (UNSECURED)	63,291,699	64,787,477
Out of above:		
i) Liability of ₹ 26,107,000 to be repaid in five yearly equal instalments after 10 years from the year in which the Sales Tax is collected, starting from March, 2012 to March, 2022.		
ii) Liability of ₹ 2,940,000 to be repaid in five yearly equal instalments of ₹ 588,000 after 10 years from March, 2018.		
iii) Liability of ₹ 35,625,000 to be repaid in five yearly equal instalments after 10 years from the year in which the Sales Tax is collected, starting from March, 2014 to March, 2023.		
	176,975,690	186,377,460

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2012	2011
4 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
On depreciation /amortisation of Fixed Assets	45,805,661	46,051,416
Deferred Tax Assets		
Disallowance u/s 43B of Income Tax Act, 1961	4,290,960	4,382,715
Deferred Tax Liabilities (Net)	<u>41,514,701</u>	<u>41,668,701</u>
5 OTHER LONG-TERM LIABILITIES		
Deposit from Dealers	2,759,216	2,419,216
	<u>2,759,216</u>	<u>2,419,216</u>
6 LONG-TERM PROVISIONS		
Provision for Employee Benefits :		
Provision for Gratuity	7,091,828	8,154,447
Provision for Leave Encashment	962,839	2,109,431
	<u>8,054,667</u>	<u>10,263,878</u>
7 SHORT-TERM BORROWINGS		
(A) LOANS REPAYABLE ON DEMAND FROM BANKS		
Secured:		
Working Capital Loans repayable on demand (secured against hypothecation of stocks and book debts and mortgage of immovable property)	188,500,496	180,426,458
	<u>188,500,496</u>	<u>180,426,458</u>
Out of above loans:		
Loans guaranteed by Managing Director	188,500,496	180,426,458
(B) OTHER LOANS		
Unsecured:		
Loan from Finance Companies	15,000,000	8,818,400
	<u>15,000,000</u>	<u>8,818,400</u>
Out of above loans:		
Loans guaranteed by Managing Director	4,500,000	6,818,400
Total Short Term Borrowings	<u>203,500,496</u>	<u>189,244,858</u>

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

2012

2011

8 OTHER CURRENT LIABILITIES

Current maturities of long term debt (Referred to in Note No. 3)	50,704,334	42,900,554
Interest accrued but not due on borrowings	3,300,348	1,443,404
Investor Education and Protection Fund (will be credited by following amounts as and when due):		
Unpaid dividends	1,781,568	1,613,800
Unpaid matured deposits and interest accrued thereon	341,772	358,772
Sales Tax payable	2,212,605	2,168,696
Other payables *	37,142,761	37,795,930
	<u>95,483,388</u>	<u>86,281,156</u>

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

9 SHORT-TERM PROVISIONS

Provision for Employee Benefits :		
Provision for Gratuity	575,695	211,269
Provision for Leave Encashment	2,119,522	391,091
Provision for dividends (Including dividend distribution tax)	2,469,728	7,903,130
Provision for Income Tax (Net of Advance Tax)	3,201,371	9,099,576
Provision for Wealth Tax	200,208	127,783
Provision for Warranty	1,900,000	1,200,000
	<u>10,466,524</u>	<u>18,932,849</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

10. TANGIBLE AND INTANGIBLE ASSETS

In ₹

Particulars	Tangible Assets							Intangible Assets			
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Dies, Moulds & Patterns	Furniture and Fixtures	Vehicles	Total	Technical Know-how	Computer Software	Total
Gross Block											
i) For own use :											
At 01.04.2010	51,480,788	1,594,055	59,186,349	365,770,521	109,696,875	14,968,417	8,033,677	610,730,682	13,429,182	4,255,573	17,684,755
Additions	-	-	54,160	8,192,858	9,590,745	1,538,629	8,205,363	27,581,755	-	21,336	21,336
Disposals	246,300	-	-	6,103,147	53,884,992	-	3,613,163	63,847,602	-	-	-
As at 31.03.2011	51,234,488	1,594,055	59,240,509	367,860,232	65,402,628	16,507,046	12,625,877	574,464,835	13,429,182	4,276,909	17,706,091
Additions	-	-	11,306,002	27,463,420	7,340,512	2,899,331	4,418,478	53,427,743	-	679,241	679,241
Other Adjustments	-	-	-	7,135,091	-	-	-	7,135,091	-	-	-
Disposals	-	-	-	465,395	31,093	-	852,516	1,349,004	-	-	-
As at 31.03.2012 (A)	51,234,488	1,594,055	70,546,511	401,993,348	72,712,047	19,406,377	16,191,839	633,678,665	13,429,182	4,956,150	18,385,332
ii) Given on Lease :											
At 01.04.2010	-	1,361,315	1,000,000	-	-	-	-	2,361,315	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2011	-	1,361,315	1,000,000	-	-	-	-	2,361,315	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2012 (B)	-	1,361,315	1,000,000	-	-	-	-	2,361,315	-	-	-
Total (A+B)	51,234,488	2,955,370	71,546,511	401,993,348	72,712,047	19,406,377	16,191,839	636,039,980	13,429,182	4,956,150	18,385,332

NOTES FORMING PART OF FINANCIAL STATEMENTS

Depreciation / Amortisation

In ₹

Particulars	Tangible Assets							Intangible Assets			
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Dies, Moulds & Patterns	Furniture and Fixtures	Vehicles	Total	Technical Know-how	Computer Software	Total
i) For own use :											
At 01.04.2010	-	179,160	11,438,173	108,919,582	76,884,894	6,967,500	2,262,807	206,652,116	10,643,471	2,906,709	13,550,180
Charge for the year	-	50,949	1,817,036	23,288,092	5,942,330	936,181	1,001,215	33,035,803	1,857,143	787,037	2,644,180
Depreciation on disposals	-	-	-	2,973,632	53,885,012	-	1,619,294	58,477,938	-	-	-
As at 31.03.2011	-	230,109	13,255,209	129,234,042	28,942,212	7,903,681	1,644,728	181,209,981	12,500,614	3,693,746	16,194,360
Charge for the year	-	50,949	1,918,658	25,532,061	7,135,049	702,982	1,472,558	36,812,257	928,568	648,137	1,576,705
Depreciation on disposals	-	-	-	251,776	4,501	-	553,463	809,740	-	-	-
As at 31.03.2012 (A)	-	281,058	15,173,867	154,514,327	36,072,760	8,606,663	2,563,823	217,212,498	13,429,182	4,341,883	17,771,065
ii) Given on Lease :											
At 01.04.2010	-	97,240	183,654	-	-	-	-	280,894	-	-	-
Charge for the year	-	19,448	33,400	-	-	-	-	52,848	-	-	-
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2011	-	116,688	217,054	-	-	-	-	333,742	-	-	-
Charge for the year	-	19,448	33,400	-	-	-	-	52,848	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2012 (B)	-	136,136	250,454	-	-	-	-	386,590	-	-	-
Total (A+B)	-	417,194	15,424,321	154,514,327	36,072,760	8,606,663	2,563,823	217,599,088	13,429,182	4,341,883	17,771,065
Net Block											
at 31.03.2012	51,234,488	2,538,176	56,122,190	247,479,021	36,639,287	10,799,714	13,628,016	418,440,892	-	614,267	614,267
at 31.03.2011	51,234,488	2,608,573	46,768,246	238,626,190	36,460,416	8,603,365	10,981,149	395,282,427	928,568	583,163	1,511,731

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹
2011

11 NON-CURRENT INVESTMENTS

Non-Trade, Unquoted Investments, At Cost, Fully Paid

1,000 Shares of ₹ 10 each of Saraswat Co-Op. Bank Ltd.	10,000	10,000
3,900 Shares of ₹ 50 each of Shree Mahalaxmi Co-Op. Bank Ltd.	195,000	195,000
5,000 Shares of ₹ 100 each of Samarth Sahakari Bank Ltd.	500,000	500,000
200 Shares of ₹ 25 each of Shamrao Vithal Co-Op. Bank Ltd.	5,000	5,000
	710,000	710,000

12 LONG-TERM LOANS AND ADVANCES

(A) Capital Advances

Unsecured , considered good	2,707,570	5,276,696
	2,707,570	5,276,696

(B) Security Deposits

Unsecured, considered good	4,257,570	3,152,450
	4,257,570	3,152,450
	6,965,140	8,429,146

13 OTHER NON-CURRENT ASSETS

Bank Deposits with original maturity for more than 12 months (Refer Note No. 16)	5,892,967	2,300,000
	5,892,967	2,300,000

14 INVENTORIES

Raw Materials	80,230,537	95,684,970
Work-in-Progress (Ref. Note No.37)	34,319,602	53,376,385
Finished Goods	48,318,003	65,335,129
Stock-in-trade (in respect of goods acquired for trading)	13,364,794	2,614,133
Stores and spares	5,340,549	4,936,327
Loose tools	3,540,310	3,597,184
	185,113,795	225,544,128

Mode of valuation: Ref. Note No. 27(D)

15 TRADE RECEIVABLES

(A) Trade receivables outstanding for more than six months from the date they became due for payment

Unsecured, considered good	95,636,467	93,150,257
Less: Allowance for bad and doubtful advances	---	---

(B) Trade Receivables (others)

Unsecured, considered good	142,488,224	138,457,887
Doubtful	---	---
Less: Allowance for bad and doubtful advances	---	---
	238,124,691	231,608,144

NOTES FORMING PART OF FINANCIAL STATEMENTS

16	CASH AND BANK BALANCES	In ₹			
		Non Current		Current	
		2012	2011	2012	2011
(A)	Cash and cash equivalents				
	Balances with Banks:				
	On current accounts	---	---	12,422,270	11,595,733
	On unpaid dividend account	---	---	1,779,019	1,616,376
	Cash on hand	---	---	326,653	211,264
		---	---	14,527,942	13,423,373
(B)	Other Bank Balances				
	Bank Deposits with original maturity for more than 12 months	---	800,000	819,530	---
	Margin Money Deposits with Banks	5,892,967	1,500,000	7,764,793	9,076,171
		5,892,967	2,300,000	8,584,323	9,076,171
	Amount disclosed under non-current assets (Note No.13)	(5,892,967)	(2,300,000)	---	---
		---	---	23,112,265	22,499,544
17	SHORT-TERM LOANS AND ADVANCES				
	Advances receivable in cash or kind				
	Unsecured, considered good *			40,477,397	35,360,642
				40,477,397	35,360,642
	* Includes primarily advances to sundry creditors, deposit with excise, staff advance, receivables from customs and excise and other sundry advances and receivables.				
18	OTHER CURRENT ASSETS				
	Interest accrued on bank deposits			1,017,391	719,545
	Others - Unsecured, considered good:				
	Sundry Deposits			281,110	259,310
				1,298,501	978,855
19	OTHER INCOME				
(A)	Interest income on:				
	Bank Deposits			1,431,517	470,565
				1,431,517	470,565
(B)	Dividend income on:				
	Long-term investments			81,850	75,507
				81,850	75,507
(C)	Other:				
	Profit on sale of Fixed Assets			19,097	3,700
	Lease Rent			318,000	318,000
	Miscellaneous income			56,558	112,061
				393,655	433,761
				1,907,022	979,833

NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹	
20	COST OF MATERIAL CONSUMED	2012	2011
	Inventory at the beginning of the year	95,684,970	52,607,326
	Add: Purchases	380,558,251	521,002,335
		476,243,221	573,609,661
	Less: Inventory at the end of the year	80,230,537	95,684,970
	Cost of raw material and components consumed (Refer Note No.30 & 31)	396,012,684	477,924,691
21	PURCHASES OF STOCK-IN-TRADE		
	Power Tools and Accessories	88,154,033	29,072,938
	Blower Accessories	3,035,158	2,625,172
		91,189,191	31,698,110
22	(INCREASE)/ DECREASE IN INVENTORIES		
	Inventories at the beginning of the year		
	Finished Goods	65,335,129	44,855,694
	Work in Progress	53,376,385	38,846,692
	Stock-in-trade	2,614,133	2,140,276
		121,325,647	85,842,662
	Less: Inventories at the end of the year		
	Finished Goods	48,318,003	65,335,129
	Work in Progress	34,319,602	53,376,385
	Stock-in-trade	13,364,794	2,614,133
		96,002,399	121,325,647
	Excise duty on Stock differential *	(2,815,066)	1,418,492
		22,508,182	(34,064,493)
<p>* Represents excise duty relating to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in statement of profit and loss represents excise duty on sales during the year.</p>			
23	EMPLOYEE BENEFITS EXPENSES		
	Salaries and Wages, Bonus	72,741,787	63,180,932
	Contribution to PF and Other Funds	4,478,104	3,831,400
	Gratuity expenses	725,124	5,359,011
	Staff Welfare Expenses	2,823,939	2,560,314
		80,768,954	74,931,657

NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2012	2011
24 FINANCE COSTS		
Interest Expense	36,383,431	34,569,727
Other Borrowing costs	4,544,603	3,834,418
	<u>40,928,034</u>	<u>38,404,145</u>
25 DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of tangible assets (Refer Note No.10)	36,865,105	33,088,651
Amortisation of intangible assets (Refer Note No.10)	1,576,705	2,644,180
	<u>38,441,810</u>	<u>35,732,831</u>
26 OTHER EXPENSES		
Stores, spares consumed	17,103,719	16,956,959
Processing Charges	37,456,332	39,754,624
Power and Fuel consumed	11,213,191	10,938,945
Repairs- Plant and Machinery	6,464,016	7,981,059
Repairs- Factory Building	1,708,815	2,704,176
Services to Manufacturing	3,725,505	2,511,356
Rent	3,704,104	3,100,481
Insurance	1,921,978	1,592,130
Rates and Taxes other than taxes on income	365,417	343,388
Payment to statutory auditors		
- as auditors	160,000	160,000
- for certification/limited review	32,700	37,000
- reimbursement of expenses (out of pocket expenses)	27,860	30,393
Legal, professional and consultancy charges	15,577,062	19,547,680
Advertisement, Publicity and Sale Promotion	6,841,194	5,056,307
Directors' Commission	---	629,525
Directors' Fees	180,000	250,000
Warranty Expenses	4,804,403	3,931,085
Travelling & Conveyance	18,665,086	16,928,443
Printing & Stationery	2,207,833	3,144,770
Postage & Telephone	3,336,115	3,132,456
Product Distribution	25,639,833	25,106,996
Packing & Forwarding	19,533,770	21,202,136
Cash Discount	15,635,498	17,659,121
Loss on Sale of Fixed Assets	179,260	1,083,242
Fixed Asset Written-off	101,493	---
Miscellaneous expenses	7,049,894	5,857,982
	<u>203,635,078</u>	<u>209,640,254</u>

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

27 Statement on Significant Accounting Policies

A. Fixed Assets and Intangible Assets

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

B. Depreciation and Amortisation.

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

C. Investments

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

D. Valuation of Inventories

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

E. Research and Development

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

F. Employee Benefits

1. Defined Contribution Plans

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

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.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS**3. Other long term employee benefits**

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

G. Revenue Recognition

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

H. Foreign Currency Transactions

1. All foreign currency transactions are accounted for at the rates prevailing on the date of the transaction.
2. The monetary items are restated at the rate of exchange prevailing on the date of the balance sheet. The difference in exchange arising on settlement of the short term monetary item or on restatement of the same at the year end is adjusted to Profit and Loss Account.
3. The Company has exercised the option allowed by the Ministry of Corporate Affairs vide its Notification dated 29th December, 2011 on Accounting Standard 11. Accordingly, in respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were reported in previous financial statements, in so far as they relate to the acquisition of depreciable capital asset is added to or deducted from the cost of the asset and depreciated over the balance life of the asset, and in other cases, accumulated in a " Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods. Accordingly, exchange loss for the year ended 31st March, 2012, ₹ 6,070,950 has been added to the cost of fixed assets.
4. In respect of amount payable in foreign currency covered by forward contracts, the premium is recognised over the period of contract.

I. Custom Claim Receivable

Custom Claims Receivable under Duty Free Replenishment Certificate and Duty Entitlement Pass Book 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.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

K. Taxes on Income

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

L. Product Warranty

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

M. Subsidies Received

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

		In ₹
	2012	2011
28 Contingent Liabilities and Commitments (To The Extent Not Provided For)		
A) Contingent Liabilities		
Income Tax	---	42,488
Sales Tax	57,282	157,282
B) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,468,955	17,499,862
b) Other Commitments :		
i) Please refer Note No.43 for Lease commitments.	6,456,368	5,518,480
ii) The Company has obtained sales tax payment deferral benefit under Package Scheme of Incentive 1988 and 1993 scheme. The Company is obliged to comply the conditions specified under the said scheme. The outstanding balance payable under the said scheme is -	64,787,477	66,234,949

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

29 Other Advances recoverable in Note No.17 include:

Amount due from private limited companies in which directors of the Company are directors / members (Trimurti Engineering Tools Pvt. Ltd.).	1,808,806	350,754
---	------------------	---------

30 Details of raw material and components consumed

a. Ferrous Castings	46,903,054	57,524,353
b. Steel	37,429,747	34,870,257
c. Non Ferrous Castings	1,170,306	1,579,084
d. Other	310,509,577	383,950,997
	<u>396,012,684</u>	<u>477,924,691</u>

31 Value of Raw Material consumed and percentage there of to the total consumption (inclusive of components)

a. Imported:		
Value	111,150,744	130,809,245
Percentage to total consumption	28%	27%
b. Indigenous:		
Value	284,861,940	347,115,446
Percentage to total consumption	72%	73%
	<u>396,012,684</u>	<u>477,924,691</u>

32 Value of imports calculated on CIF basis

a. Raw Material, Components and Spares	122,129,554	169,282,363
b. Capital Goods	10,175,236	2,444,377

33 Expenditure in foreign currency

a. Travelling	2,071,794	1,009,785
b. Professional Fees	3,676,804	5,256,623
c. Others	97,706	829,461

34 Earnings in foreign currency

FOB Value of exports	124,155,929	104,934,546
----------------------	--------------------	-------------

35 Sale of Manufacturing Products
Power Tools:

a. Tools	487,114,472	559,207,040
b. Spares	217,742,859	200,209,130

Blower:

a. Blower	79,865,967	74,419,411
b. Spares	10,397,153	9,369,931

Electricity

13,485,130	11,245,910
<u>808,605,581</u>	<u>854,451,422</u>

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2012	2012	2011	2011
36 Purchase and Sale of Stock in Trade				
	Purchase	Sale	Purchase	Sale
<u>Power Tools</u>				
Power Tools	15,694,954	12,492,099	5,606,615	6,071,210
Accessories	72,459,079	75,397,392	23,466,323	20,707,515
<u>Blower</u>				
Accessories	3,035,158	4,141,992	2,625,172	3,325,392
	91,189,191	92,031,483	31,698,110	30,104,117
37 Details of work in Progress			2012	2011
Power Tools			26,043,768	47,869,141
Blower			8,275,834	5,507,244
			34,319,602	53,376,385
38 Based on available information, presently, there are no amounts payable to parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.				
39 Amount of borrowing costs capitalised during the period			1,064,141	---
40 Earning Per Share				
a. Profit after tax as per the Profit & Loss Account			13,649,973	38,814,060
b. Weighted average of No. of Shares			3,400,000	3,400,000
c. Basic and Diluted Earnings Per Share of ₹ 5/- each			4.00	11.42
41 Segment Reporting				
I. Primary report under Business Segments				
<u>Revenue</u>				
Sales				
Portable Power Tools		792,746,822	786,194,895	
Blowers		94,405,112	87,114,734	
Windmills		13,485,130	11,245,910	
		900,637,064	884,555,539	
<u>Segment Results (Gross)</u>				
Portable Power Tools		80,646,667	108,237,954	
Blowers		10,205,575	8,841,130	
Windmills		5,570,764	3,179,020	
		96,423,006	120,258,104	
Unallocated Corporate Expenses		28,341,841	33,667,487	
Operating Profit		68,081,165	86,590,617	
Interest Expense		40,928,034	38,404,145	
Other Income		6,132,665	6,748,406	
(Loss) / Profit before exceptional item		33,285,796	54,934,878	

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2012	2011
Exceptional Item:		
Net (gain)/loss on foreign currency transactions/translation	13,184,703	(2,101,872)
Profit before tax	20,101,093	57,036,750
Segment Assets		
Portable Power Tools	666,465,660	681,249,088
Blowers	103,914,224	92,542,477
Windmills	65,068,347	70,436,568
	<u>835,448,231</u>	<u>844,228,133</u>
Add: Unallocated Corporate Assets	88,038,235	80,869,192
	<u>923,486,466</u>	<u>925,097,325</u>
Segment Liabilities		
Portable Power Tools	135,692,164	150,762,423
Blowers	20,084,015	20,423,133
Windmills	---	---
	<u>155,776,179</u>	<u>171,185,556</u>
Add: Unallocated Corporate Liabilities	456,242,784	445,567,383
	<u>612,018,963</u>	<u>616,752,939</u>
Capital Expenditure		
Portable Power Tools	55,048,423	27,405,780
Blowers	6,193,652	197,311
Windmills	---	---
	<u>61,242,075</u>	<u>27,603,091</u>
Depreciation		
Portable Power Tools	26,429,851	23,489,094
Blowers	4,438,160	4,837,105
Windmills	5,345,411	5,416,388
	<u>36,213,422</u>	<u>33,742,587</u>
Non-cash expenses other than depreciation		
Portable Power Tools	3,768,534	2,314,501
Blowers	1,671,989	1,566,801
Windmills	---	---
	<u>5,440,523</u>	<u>3,881,302</u>

II. Secondary Business Segments

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

Net Sales

India	774,582,094	777,253,039
Outside India	126,054,970	107,302,500
	<u>900,637,064</u>	<u>884,555,539</u>

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹
2012 2011

Significant Accounting Policies relating to Segment Reporting

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

42 Employee Benefits

Disclosure under Accounting Standard - 15 (Revised 2005)

I. Defined Contribution Plan

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

Employers' Contribution to Provident Fund	3,433,003	2,977,273
Employers' Contribution to Superannuation Fund	1,045,101	854,127

II. Defined Benefits Plan

Gratuity:

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.

(i) Assumptions

Mortality as per 1994-96	LIC Ult table	LIC Ult table
Interest / Discount Rate	8.75%	8.25%
Rate of increase in compensation	3%	3%
Rate of return (expected) on plan assets	8.60%	8%
Employee Average Attrition Rate	2%	2%

(ii) Changes in present value of obligations

PVO at beginning of period	11,235,988	5,699,849
Interest cost	926,969	455,988
Current Service Cost	687,420	832,082
Benefits Paid	(211,269)	(14,740)
Actuarial (gain)/loss on obligation	(574,186)	4,262,809
PVO at end of period	12,064,922	11,235,988

(iii) Changes in fair value of plan assets

Fair Value of Plan Assets at beginning of period	2,870,272	1,764,356
Expected Return on Plan Assets	229,622	141,148
Contributions	1,423,317	928,788
Benefit Paid	(211,269)	(14,740)
Actuarial gain/(loss) on plan assets	85,457	50,720
Fair Value of Plan Assets at end of period	4,397,399	2,870,272

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	2012	2011
(iv) Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	2,870,272	1,764,356
Actual Return on Plan Assets	315,079	191,868
Contributions	1,423,317	928,788
Benefit Paid	(211,269)	(14,740)
Fair Value of Plan Assets at end of period	4,397,399	2,870,272
(v) Actuarial Gain/(Loss) Recognized		
Actuarial (Gain)/Loss for the period (Obligation)	(574,186)	4,262,809
Actuarial (Gain)/Loss for the period (Plan Assets)	(85,457)	(50,720)
Total (Gain)/Loss for the period	(659,643)	4,212,089
Actuarial (Gain)/Loss recognized for the period	(659,643)	4,212,089
Unrecognized Actuarial Gain/(Loss) at end of period	---	---
(vi) Amounts to be recognized in the Balance Sheet and Statement of Profit and Loss Account		
PVO at end of period	12,064,922	11,235,988
Fair Value of Plan Assets at end of period	4,397,399	2,870,272
Funded Status	(7,667,523)	(8,365,716)
Unrecognized Actuarial Gain/(Loss)	---	---
Net Asset/(Liability) recognized in the Balance Sheet	(7,667,523)	(8,365,716)
(vii) Expense recognized in the Statement of Profit and Loss Account		
Current Service Cost	687,420	832,082
Interest cost	926,969	455,988
Expected Return on Plan Assets	(229,622)	(141,148)
Net Actuarial (Gain)/Loss recognized for the period	(659,643)	4,212,089
Expense recognized in the Statement of Profit and Loss Account in schedule 18 - Payments and Benefits to Employees	725,124	5,359,011
(viii) Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	8,365,716	3,935,493
Expenses as above	725,124	5,359,011
Contribution paid	(1,423,317)	(928,788)
Closing Net Liability	7,667,523	8,365,716
(ix) Category of Assets		
Insurer Managed Funds	4,397,399	2,870,272

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.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

43 Leased Assets:

Disclosure as per Accounting Standard - 19 on Leases as per Companies Accounting Standard Rules.

- a) i) The Company has taken certain premises on operating lease. The Agreements entered into provide for renewal and rent escalation clause.
- ii) Particular of future minimum lease payments in respect of the same are as mentioned below :

		In ₹
Period	2012	2011
Not later than one year	3,246,179	2,520,578
Later than one year and not later than five years	3,210,189	2,997,902
Later than five years	---	---
	<u>6,456,368</u>	<u>5,518,480</u>
iii) Lease payment recognised in Profit & Loss Account for the year	3,704,104	3,100,481

- b) i) The Company has given Land and Building under operating lease.
- ii) Particulars of future minimum lease payments in respect of the same are as mentioned below:

Period		
Not later than one year	360,000	318,000
Later than one year and not later than five years	720,000	---
Later than five years	---	---
	<u>1,080,000</u>	<u>318,000</u>

- 44 Details of provisions and movements in each class of provisions- Disclosure as per Accounting Standard 29 'Provisions,Contingent Liabilities and Contingent Assets'.

Particulars

Carrying amount at the beginning of the year :

Warranty	1,200,000	200,000
----------	-----------	---------

Additional provision made during the year :

Warranty	4,804,403	3,931,085
----------	-----------	-----------

Amount used during the year :

Warranty	4,104,403	2,931,085
----------	-----------	-----------

Unused amounts reversed during the year :

Warranty	---	---
----------	-----	-----

Carrying amount at the end of the year :

Warranty	1,900,000	1,200,000
----------	-----------	-----------

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.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS

45 Disclosure of Related Parties and Related Party Transactions :

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

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

Disclosure of Related Party Transactions :

In ₹

Sr. No.	Nature of Transaction	Key Management Personnel (KMP)	Relatives of KMP	Total
1.	Remuneration paid	4,978,540 (5,036,198)	--- (---)	4,978,540 (5,036,198)
2.	Dividend Paid	--- (---)	199,440 (199,440)	199,440 (199,440)
3.	Outstanding Balances as on 31-03-2012 : Payables	299,880 (148,050)	--- (---)	299,880 (148,050)

46 Previous year Figures

Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

47 Figures in the brackets pertain to previous year.

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

NOMINATION FORM

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

I/We _____ **and** _____ **and** _____
_____ the _____ holders of shares / Debentures/ Deposit Receipt bearing
number(s) _____ of M/s. _____ wish to

make a nomination and do hereby nominate the following person(s) in whom all rights of transfer and/or
amount payable in respect of shares or debentures or deposits shall vest in the event of my or our death.

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

Name : _____

Address : _____

Date of Birth* _____

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

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

(** To be deleted if not applicable)

Signature : _____

Name : _____

Address : _____

Date :

Signature : _____

Name : _____

Address : _____

Date :

Signature : _____

Name : _____

Address : _____

Date :

Address, Name and Signature of witnesses :

Name and Address

Signature with date

1.

2.

INSTRUCTIONS :

1. The Nomination can be made by individuals only applying/holding shares/debentures on their own behalf
singly or jointly. Non-individual including society, trust, body corporate, partnership firm, Karta of Hindu
Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly all joint
holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders
more sheets can be added for signatures of holders of shares/debentures and witness.

2. A minor can be nominated by a holder of shares/debentures/deposits and in that event the name and
address of the Guardian shall be given by the holder.

3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided
Family or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.

4. Nomination stands rescinded upon transfer of share/debenture or repayment/renewal of deposits made.

5. Transfer of share/debenture in favour of a nominee and repayment of amount of deposit to nominee shall
be a valid discharge by a Company against the legal heir.

6. The intimation regarding Nomination/ Nomination Form shall be filed in duplicate with Company/Registrar
and Share Transfer Agents of the Company who will return one copy thereof to the share or debenture
or deposits holder.

NOTES

NOTES

KULKARNI POWER TOOLS LTD.

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

ATTENDANCE SLIP

36th ANNUAL GENERAL MEETING

ON 29th SEPTEMBER, 2012

I certify that I am a registered member / proxy for the registered member of the Company. I hereby record my presence at the 36th Annual General Meeting of the Company, being held at Shirol - 416 103, Dist. Kolhapur, at 4.00 p.m., on Saturday, the 29th September, 2012.

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 36th ANNUAL GENERAL MEETING of the Company held on Saturday, the 29th September, 2012 at 4.00 p.m. and at any adjournment thereof.

As witness my hand / our hands this _____ day of _____ 2012.

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

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



KULKARNI POWER TOOLS LTD.

Shirol 416 103, Dist. Kolhapur,
Maharashtra, India

Phone : 02322 661500

Fax : 02322 661546

E mail : kptl@sancharnet.in

www.kpt.co.in

Toll free : 1800-209-2300