



**KELTECH ENERGIES LIMITED**

**35<sup>th</sup> Annual Report & Accounts**

**2011 – 2012**



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**BOARD OF DIRECTORS**

ASHOK V. CHOWGULE - Chairman  
VIJAY V. CHOWGULE  
HEMRAJ C. ASHER  
HARISH JAGTIANI  
UMAJI V. CHOWGULE  
S.L. CHOWGULE - Managing Director

**EXECUTIVES**

V.N.PANGAL – Director (Operations)

**AUDITORS**

HARIBHAKTI & CO.  
CHARTERED ACCOUNTANTS  
MUMBAI.

**LEGAL ADVISERS**

CRAWFORD BAYLEY & CO.  
ADVOCATES, SOLICITORS & NOTARIES  
MUMBAI

**REGISTERED OFFICE**

'CRESCENT TOWERS', 6<sup>TH</sup> FLOOR,  
NO. 32/1-2, CRESCENT ROAD,  
BANGALORE-560001.

**BANKERS**

CANARA BANK

**SHARE TRANSFER AGENTS**

CANBANK COMPUTER SERVICES LTD.  
J.P. ROYALE, 1<sup>ST</sup> FLOOR, # 218, 2<sup>ND</sup> MAIN,  
SAMPIGE ROAD, MALLESHWARAM,  
BANGALORE - 560 003.

**WORKS**

VISHWASNAGAR - 574 108  
KARKALA TALUK  
UDUPI DISTRICT  
KARNATAKA STATE

PLOT S-3 & S-4  
UDYOG DEEP INDUSTRIAL AREA  
WAIHDHAN-486 886  
DISTRICT SINGRAULI, M.P.

KHASARA 381, 382 & 383  
JAMUDI GRAM - 484 224  
DISTRICT ANUPPUR, M.P.

PLOT NO. B-24/2 & B-25/1  
M.I.D.C. INDUSTRIAL AREA  
CHANDRAPUR - 442 406  
MAHARASHTRA STATE

VILLAGE GARAMSUR  
P.O. DUDHALA – 441 103  
KATOL TEHSIL  
NAGPUR DISTRICT  
MAHARASHTRA STATE

SY. NO. 314/2, SAMITHI SINGARAM VILLAGE  
NEAR P.K.O.C. PROJECT OFFICE  
MANUGURU MANDAL & POST-507 117  
KHAMMAM DISTRICT  
ANDHRA PRADESH

NO. 363, MUSTYALA VILLAGE  
PO.GODAVARIKHANI-505 209  
DISTRICT KARIMNAGAR, ANDHRA PRADESH.

S.Y. No. 178/2,  
PO. HARDI BAZAAR-495 446,  
HARDI MURLI ROAD, DISTRICT KORBA,  
CHATTISHGARH.

AKASHNAGAR, DEPOSIT 05 & 10,  
BACHELI (BAILADILA)-494 553,  
DISTRICT DANTEWADA, CHATTISHGARH.

# KELTECH ENERGIES LIMITED

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## NOTICE

Notice is hereby given that the Thirtyfifth Annual General Meeting of Keltech Energies Limited will be held on Friday, the 20<sup>th</sup> July, 2012 at 3.00 PM, at Beaumont Hall, Le Meridian, No. 28, Sankey Road, Bangalore - 560 052 to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors there on.
2. To declare a Dividend for the year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Shri Ashok V. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Harish Jagtiani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors of  
**KELTECH ENERGIES LIMITED**

**SANTOSH L. CHOWGULE**

*Managing Director*

**Registered Office:**

'Crescent Towers', 6<sup>th</sup> Floor,  
No. 32/1-2, Crescent Road,  
BANGALORE - 560 001.

Place : Mumbai

Dated : 21<sup>st</sup> May, 2012

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll only instead of himself/herself/themselves and such proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> July, 2012 to 20<sup>th</sup> July, 2012 (both days inclusive).
4. Those Members who have so far not encashed their Dividend Warrants for the financial years 2004-05, 2005-06, 2008-09, 2009-10 and 2010-11 may immediately approach the Company with their Warrants for revalidation.
5. **MEMBERS ARE REQUESTED TO:**
  - i. Notify any change in their registered address at an early date.
  - ii. Quote folio numbers in all their correspondence; and,
  - iii. Bring the copy of Annual Report and the attendance slip at the Annual General Meeting.

By Order of the Board of Directors of  
**KELTECH ENERGIES LIMITED**

**SANTOSH L. CHOWGULE**  
*Managing Director*

Place : Mumbai  
Dated : 21<sup>st</sup> May, 2012

# KELTECH ENERGIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR 2011-12

To the Members,

Your Directors have pleasure in presenting the Thirty fifth Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

### I. FINANCIAL RESULTS :

(₹ in lacs)

	2011-12	2010-11
Operating Profit	994.05	375.11
Less:		
1) Interest	121.63	51.48
2) Depreciation	114.18	97.51
Profit for the year before taxation	758.24	226.12
Less : Provision for taxation - Current Tax	219.88	58.38
- Deferred Tax	34.00	11.54
Profit after tax	504.36	156.20
Appropriations:		
Dividend	25.00	25.00
Tax on Dividend	4.05	4.05
Transfer to General Reserve	475.00	100.00
Balance of Profit / (Loss) brought forward	473.95	446.80
Balance of Profit / (Loss) c/o to Balance Sheet	474.26	473.95

The Directors have recommended a Dividend of ₹ 2.50 per share of ₹ 10/- each (25%) on the paid-up Equity Capital of the Company.

### 2. OPERATIONS

#### (A) EXPLOSIVES DIVISION

The sale of Explosives for the year under review was 35,406 MT valued at ₹ 10,744 lacs as against 33,143 MT valued at ₹ 8,648 lacs of the previous year. Due to un-remunerative selling price given by Coal India Limited, the exposure in this sector was limited. Overall, the Sales turnover on Explosives increased by 6.8% in quantity terms and 24.2% in value, mainly owing to steep increase in input costs and consequent selling price. During the year the turnover in regard to traded goods, service contracts and export of finished goods in Explosives sector increased significantly to ₹ 5,494 lacs as against ₹ 1,732 lacs during the previous year.

#### (B) PERLITE DIVISION

The sale of Perlite and Perlite based products for the year under review were 8,464 MT valued at ₹ 1,199 lacs as against 9,114 MT valued at ₹ 1,286 lacs of the previous year, registering a reduction of 7.2% in quantity and 6.8% in value due to adverse market condition. The turnover of service contracts during the year under review showed encouraging growth at ₹ 1,091 lacs as against ₹ 298 lacs for the previous year.

#### (C) DETONATING FUSE:

During the maiden year of operation, the sale of Detonating Fuse and other related products were valued at ₹ 359 lacs.

(D) The operations for the year 2011-12 have resulted in a net profit of ₹ 504 lacs after charging depreciation, interest and tax as against ₹ 156 lacs for the previous year. This is primarily due to higher project executions.

During the year 2012-13, the operations of the Explosives Division is likely to continue to be under pressure due to PSU procurement policies and over-capacities in the sector. The operations of Perlite Division and Explosives Accessories are showing encouraging trends. Your Company is putting all efforts for optimizing its overall operations.

**3. DIRECTORS**

S / Shri Ashok V. Chowgule and Harish Jagtiani retire by rotation and being eligible, offer themselves for re-appointment

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and on the basis of information and explanations made available to them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

That 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 2011-12 and of the profit of the Company for that period;

That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

That the Directors have prepared the annual accounts on a going concern basis.

**5. AUDITORS**

M/s. Haribhakti & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

**6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

Necessary information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

**7. PARTICULARS OF EMPLOYEES**

Information on Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 is annexed to this Report.

**8. COMPLIANCE CERTIFICATE**

As required under the proviso to Sub Clause (1) to Section 383A of the Companies Act, 1956, Compliance Certificate for the year ended 31st March, 2012 obtained from a Practising Company Secretary is attached.

**9. ACKNOWLEDGEMENTS.**

Your Directors place on record their thanks to the Canara Bank for their unstinted co-operation and timely assistance. The Directors acknowledge the support and co-operation extended by valued customers of the Company. Your Directors also place on record their appreciation for the dedicated services rendered by the employees at all levels during the year under review.

For and on Behalf of the Board

Place : Mumbai  
Dated : 21<sup>st</sup> May, 2012

**ASHOK V. CHOWGULE**  
Chairman

## Annexure to Directors' Report

### DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS

#### I. CONSERVATION OF ENERGY (FORM 'A')

This is not applicable to Explosives Industry.

#### II. ABSORPTION OF RESEARCH AND DEVELOPMENT (FORM 'B')

A) Specific areas in which R&D is carried out by the Company.

- (I) Cost reduction.
- (II) Product and Technology Development for Explosives.
- (III) Technical Services to monitor use of Explosives by Customers.
- (IV) Development of value added Explosive products.
- (V) Development of improved and more efficient equipment.
- (VI) Refinements and Developments in Packaging.
- (VII) Product Development in relation to application of Explosives and Perlite

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

- (I) Introduction of products for difficult blasting conditions.
- (II) Setting up of production facilities with indigenous Plant Equipment for Bulk and Packaged Explosives.
- (III) Higher efficiency in use of Explosives to Customers.
- (IV) Higher efficiency in manufacturing process.
- (V) Reduction in cost of production.
- (VI) Entry into Export market.
- (VII) New applications of our Explosives.
- (VIII) Application of perlite concrete for cryogenic tanks.
- (IX) Development of Air Decking system for blasting in boreholes.
- (X) Export of Perlite Concrete Insulation Blocks.
- (XI) Overseas Contracts deploying Mobile Perlite Expanders.

C) Future Plan of Action :

- (I) Continue development work on Explosives.
- (II) Evaluate other systems for SMS.
- (III) Develop site applications using perlite.
- (IV) Explore new products for diversification.

D) Expenditure on R & D:

- |  |   |               |
|--|---|---------------|
| (i) Capital  | - | Nil           |
| (ii) Recurring   | - | ₹ 14.62 lacs. |
| (iii) Total  | - | ₹ 14.62 lacs. |
| (iv) Total R & D expenditure<br>as a % to total turnover | - | 0.08%         |



**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:  
Strict Monitoring of emulsion explosives and making necessary improvements to meet the field requirements.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Emulsion products with fully indigenous equipments have been produced and supplied. These products have been well accepted by customers for use in difficult strata conditions.

Safety standards have been maintained, both during manufacture and usage, based on periodic feed back.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.

- |   |   |                 |
|---|---|-----------------|
| <ol style="list-style-type: none"> <li>(i) Technology imported</li> <li>(ii) Year of import</li> <li>(iii) Has the technology been fully absorbed?</li> <li>(iv) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action</li> </ol> | } | Not applicable. |
|---|---|-----------------|

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

- (I) Activities relating to exports, etc. : The Company has exported goods worth ₹ 1,776.12 lacs (C & F) during the year.
- (II) Total Foreign exchange used and earned : The Company has used foreign Exchange amounting to ₹ 88.50 lacs and earned ₹ 1,776.12 lacs during the year.

**IV. Information pursuant to Section 217 (2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2012.**

Sl. No	Name & Age of the employee	Qualification	Experience (Years)	Date of commencement of Employment	Designation/ Nature of Duties	Remuneration received (₹ In lacs)	Last Employment held
I	Santosh L.Chowgule 54 Years	B.A.	28 Years	10.08.1985	Managing Director	38.53	-

For and on Behalf of the Board

Place : Mumbai  
Dated : 21<sup>st</sup> May, 2012

**ASHOK V. CHOWGULE**  
Chairman

# KELTECH ENERGIES LIMITED

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## Compliance Certificate

### Under Proviso To Sub Section (1) of Section 383A Of the Companies Act, 1956 read with The Companies (Compliance Certificate) Rules, 2001

Name of the Company : M/s. KELTECH ENERGIES LIMITED  
CIN : L30007KA1977PLC031660  
Nominal Capital : ₹ 200 Lacs.

To,

The Members of M/s. KELTECH ENERGIES LIMITED,

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 1956, (the Act) 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 my opinion and to the best of my information and based on my examinations as well as records made available and explanations furnished to me by the Company and its Officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained statutory registers with up-to-date entries as required under the provisions of the Act and the Rules, as shown in Annexure 'A' to this Certificate.
2. The Company has duly filed all requisite Forms, Returns and Documents with the Registrar of Companies and such other authorities as may be applicable under the said act within the time prescribed under the Act and the Rules, as shown in Annexure 'B' to this Certificate.
3. The Board of Directors have duly met Four (4) times during the financial year on various dates, viz.,

20<sup>th</sup> May, 2011  
22<sup>nd</sup> July, 2011  
22<sup>nd</sup> October, 2011 and  
27<sup>th</sup> January, 2012.

In respect of these meetings, proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.

4. During the financial year nine(9) meetings of the Committee of Directors were held on the following dates, viz.,

5<sup>th</sup> May, 2011,  
4<sup>th</sup> August, 2011,  
19<sup>th</sup> September, 2011,  
29<sup>th</sup> September, 2011,  
16<sup>th</sup> November, 2011,  
24<sup>th</sup> December, 2011,  
7<sup>th</sup> January, 2012,  
4<sup>th</sup> February, 2012 and  
10<sup>th</sup> March, 2012

For approval of transfers, transmission and consolidation of shares and issue of duplicate share certificates. Refer item No.12 of this report.

5. The Register of Members and Share Transfer Books of the Company were closed from 16<sup>th</sup> July, 2011 to 22<sup>nd</sup> July, 2011, both days inclusive and the Company has duly complied with the provisions of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2011 was held on 22<sup>nd</sup> July, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary 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 duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
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 relating to Directors' office or place of profit the company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has issued 15 duplicate share certificates during the financial year 2011-12 consisting of 710 shares of ₹ 10/- each, one (1) consolidated share certificate consisting of 92500 shares of ₹ 10/- each, one fresh certificate arising out of remat of one (1) share of ₹ 10/-, and the same were approved by the Committee of Directors of the Company. Also there were six cases of transmission of shares consisting of 1010 shares of ₹ 10/- each which were taken on record.
13. The Company has:
  - a. Not allotted any shares during the financial year. It has delivered all the certificates on lodgement thereof for transfer /transmission or for any other purpose in accordance with the provisions of the Act.
  - b. Declared a dividend of 25% on equity shares amounting to ₹ 25 lacs for the financial year ended 31<sup>st</sup> March, 2011 at the Annual General Meeting of the Company held on 22<sup>nd</sup> July 2011. The dividend amount was deposited in "Keltech Energies Limited Equity Dividend 2010-2011 Account" at Canara Bank, Town Hall Branch, Bangalore 560027 on 25<sup>th</sup> July, 2011, well within 5 days from the date of declaration.
  - c. Disbursed to all shareholders by means of warrants dated 10<sup>th</sup> August, 2011, duly despatched on the same day, within the statutory period of 30 days of its declaration and that all unclaimed/unpaid dividend has been transferred to 'Keltech Energies Limited Equity Unpaid Dividend 2010-2011 Account' on 5<sup>th</sup> September, 2011 at Canara Bank, Town Hall Branch, Bangalore - 560 027.
  - d. Transferred on 20<sup>th</sup> August, 2011 dividend of a sum of ₹ 81,150/- which have remained unclaimed for a period of seven years from date of declaration viz., 23<sup>rd</sup> July, 2004 pertaining to financial year ended 31.03.2004 to the Investors education and Protection Fund A/c of Central Government.
14. The provisions of Section 217(2AA) of the Act relating to 'Directors' Responsibility Statement' have been complied with. A Copy of the Compliance Certificate dated 18<sup>th</sup> May, 2011 was attached to the Report of the Board of Directors for the financial year ended 31.03.2011 as required under proviso to Section 383A of the Act and the same was also filed with the Registrar of Companies, Karnataka, Bangalore. The Company has duly complied with the other requirements of Section 217 of the Act.
15. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors and directors to fill casual vacancies have been duly made.

## KELTECH ENERGIES LIMITED

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16. The Company is being managed by Shri. Santosh L. Chowgule, Managing Director whose appointment has been made in compliance with the provisions of the Act.
17. The Company was not required to obtain any approvals from authorities such as the Central Government, Company Law Board, Regional Director, Registrar or such other authorities during the financial year.
18. The Company has not appointed any sole selling agents during the financial year and as such the provisions of Section 294 or 294A of the Act are not applicable.
19. The Directors have disclosed their interests in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
20. The Company has not issued any shares or other securities during the financial year.
21. The Company has not bought back any shares during the financial year.
22. The Company has no Preference Shares/Debentures.
23. There were no transactions necessitating the Company to keep in abeyance the rights to dividends pending registration of transfer of shares.
24. The Company has not accepted any deposits from the public or from any other source in terms of the provisions of Section 58A or 58AA of the Act during the financial year.
25. The amounts borrowed by the Company during the financial year are well within the borrowing limits of the Company.
26. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
27. The Company has not altered any of the provisions of its Memorandum of Association or Articles of Association during the financial year.
28. As per records available and information given, there were no prosecution proceedings initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year for offences under the Act.
29. The Company has not received any money as security from its employees during the financial year and as such the provisions of Section 417(1) of the Act are not applicable.
30. The Company has deposited both employer's and employees' contributions to provident fund with prescribed authorities pursuant to Section 418 of the Act.

Name of the Company Secretary : **K.V. Venkata Rangan**  
FCS 934 - C.P. 404

Place : Bangalore  
Date : 16<sup>th</sup> May, 2012

## **ANNEXURE 'A'**

### **Registers as maintained by the Company.**

#### **Statutory Registers:**

1. Register of Charges under Section 143 (Loose-leaf)
2. Register of Directors, Managing Director, Manager and Secretary under Section 303
3. Register of Directors' Shareholdings under Section 307
4. Register of Particulars of Contracts in which directors are interested under Section 301
5. Register of Members under Section 150 and Index of Members under Section 151 (computerised).
6. Books of Accounts under Section 209
7. Minutes Book of Board Meetings (Loose-leaf) and Attendance record
8. Minutes Book of General Meetings (Loose-leaf) and Attendance record
9. Annual Returns under Section 159/160

#### **Other Registers:**

1. Minutes Book of Committee of Directors (loose-leaf)
2. Minutes Book of Share Transfer Committee (Loose-leaf)
3. Proxy Register

Name of the Company Secretary : **K.V. Venkata Rangan**  
FCS 934 - C.P. 404

Place : Bangalore  
Date : 16<sup>th</sup> May, 2012

# KELTECH ENERGIES LIMITED

## ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31.03.2012.

Sl. No.	E-Form No./ Return	Filed under Section	For	SRN No. Date of payment of Filing Fees ₹	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
<b>I. Filed with the Registrar of Companies, Karnataka, Bangalore</b>						
1.	Form 8 Modification to charge dated 11.03.2011	132 & 135	Supplemental common Hypothecation Agreement dated 11.03.2011 (Charge I.D. 80014798) Amount secured ₹ 4,063.72 lacs favouring Canara Bank, Town Hall Branch, Bangalore.	B09161514 01.04.2011 ₹ 500/-	Yes	No
2.	<b>Form 8 Modification of charge dated 10.3.2011</b>	<b>132 &amp; 135</b>	Letter evidencing Deposit of Title Deeds dated 10.3.2011 (Charge I.D. 80014798) Amount secured ₹ 4,063.72 lacs in favour of Canara Bank, Town Hall Branch, Bangalore.	B09161134 01.04.2011. ₹ 500/-	Yes	No
3.	DIN - 4		Jagtiani Jethmal Harish, Director	S05188537 31.05.2011 Fees - NIL	Yes	No
4.	DIN - 4		Santosh Laxman Rao Chowgule, Managing Director	S05188875 31.05.2011 Fees- NIL	Yes	No
5.	Form 23B		Period of accounts 01.04.2011 to 31.03.2012	S05645270 08.08.2011 Fees- NIL	Yes	No
6.	Form-66 - Secretarial Compliance Certificate	Proviso to Section 383A read with The Companies (Compliance Certificate) Rules, 2001	Certificate dated 18.05.2011 for financial year ended 31.03.2011	P69253607 17.08.2011 ₹ 500/-	Yes	No
7.	Form 8 Modification to charge dated 29.07.2011		Letter evidencing Deposit of Title Deed dated 29.07.2011 (Charge I.D. 80014798) Amount secured ₹ 4250.72 lacs in favour of Canara Bank, Town Hall Branch, Bangalore.	B18668442 22.08.2011 ₹ 500/-	Yes	No

## ANNUAL REPORT 2011-2012

Sl. No.	E-Form No./ Return	Filed under Section	For	SRN No. Date of payment of Filing Fees ₹	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
8.	Form 8 Modification to charge dated 01.08.2011		Supplemental Common Hypothecation Agreement dated 01.08.2011 (Charge I.D. 80014798) Amount secured ₹ 4250.72 lacs in favour of Canara Bank, Town Hall Branch, Bangalore.	B19020791 26.08.2011 Fees - ₹ 500/-	Yes	No
9.	Form I- INV	205-C -Rule 3 of Investor Education & Protection Fund	Transfer of dividend (F.Y. 2003-2004) unpaid/unclaimed- for a period of seven years to the Investor Education & Protection Fund.	B19211184 29.08.2011 Fees: NIL	Yes	No
10.	20B-Annual Return- 31.03.2011	159	Made upto A.G.M date viz., 22.07.2011	P70377874 14.09.2011 ₹ 500/-	Yes	No
11(a)	23-ACXBRL- Balance Sheet	220	For financial year ended 31.03.2011	P81093064 28.11.2011 ₹ 500/-	Yes	No
11(b)	23-ACAXBRL P&L Account	"	For financial year Ended 31.03.2011	P81093064 28.11.2011 ₹ 500/-	Yes	No

Name of the Company Secretary : **K.V. Venkata Rangan**

FCS 934 - C.P. 404

Place : Bangalore

Date : 16<sup>th</sup> May, 2012

# KELTECH ENERGIES LIMITED

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## AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of Keltech Energies Limited ('the Company') as at March 31, 2012 and the Statement of Profit and Loss and also the cash flow statement 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's 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' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the 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 it appears from our examination of those books;
  - iii. The balance sheet, statement of profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, statement of 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 March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 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 said accounts 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 March 31, 2012;
    - b) in the case of the statement of profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **HARIBHAKTI & CO.**  
*Chartered Accountants*  
FRN No. 103523W

**CHETAN DESAI**  
*Partner*

Membership No. 17000

Place : Mumbai  
Dated : 21<sup>st</sup> May, 2012



**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Keltech Energies Limited on the financial statements for the year ended 31<sup>st</sup> March, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the Management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies was noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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 and no material discrepancies was noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, 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.  
In view of this, clauses (iii) (b), (c) and (d) are not applicable to the Company and hence, not reported upon.
- (b) As informed, during the year the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, unsecured loan of ₹ 300 lacs taken from a Company in 2007-08, the maximum amount involved during the year was ₹ 100 lacs and the year-end balance of loans taken from such Company was Nil.
- (c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the company is regular in repaying the principal amount as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (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 maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

## KELTECH ENERGIES LIMITED

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date it became payable.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of dispute are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Commercial Tax Department	Sales Tax	85053	2003-04, 2004-05 & 2006-07	Assistant Commissioner of Commercial taxes (ACCT), Satna

- (x) The Company has neither accumulated losses as at 31<sup>st</sup> March, 2012 nor has it incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any debentures outstanding during the year.
- (xx) The Company has not raised money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **HARIBHAKTI & CO.**  
Chartered Accountants  
FRN No. 103523W

**CHETAN DESAI**  
Partner

Membership No. 17000

Place : Mumbai  
Dated : 21<sup>st</sup> May, 2012

# ANNUAL REPORT 2011-2012

## Balance Sheet as at 31<sup>st</sup> March, 2012

( ₹ Lacs)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	2	99.99	99.99
Reserves and surplus	3	2,330.26	1,854.95
		<b>2,430.25</b>	<b>1,954.94</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	4	485.09	573.99
Deferred tax liabilities (Net)	5	165.75	131.75
Long-term provisions	6	188.95	177.00
		<b>839.79</b>	<b>882.74</b>
<b>3 Current liabilities</b>			
Short-term borrowings	7	151.76	157.28
Trade payables	8	2,044.04	1,274.36
Other current liabilities	9	1,236.76	988.44
Short-term provisions	10	195.12	82.82
		<b>3,627.68</b>	<b>2,502.90</b>
<b>Total</b>		<b>6,897.72</b>	<b>5,340.58</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed assets			
Tangible assets	11	2,178.31	2,018.01
Intangible assets	11(a)	5.17	9.95
Capital work-in-progress	11(b)	106.16	29.67
Non-current investments	12	0.10	0.10
Long-term loans and advances	13	421.40	360.55
		<b>2,711.14</b>	<b>2,418.28</b>
<b>2 Current assets</b>			
Inventories	14	1,134.93	666.93
Trade receivables	15	2,097.96	1,387.85
Cash and Bank Balances	16	586.62	600.81
Short-term loans and advances	17	259.17	217.76
Other current assets	18	107.90	48.95
		<b>4,186.58</b>	<b>2,922.30</b>
<b>Total</b>		<b>6,897.72</b>	<b>5,340.58</b>
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our attached Report of even date  
For Haribhakti & Co  
Chartered Accountants  
FRN 103523W

For and on behalf of the Board

**ASHOK V. CHOWGULE**  
*Chairman*

**S.L. CHOWGULE**  
*Managing Director*

CHETAN DESAI  
Partner  
Membership No.17000

**P. PRABHUDEV**  
*Dy. Gen Manager (F & A)*

Place : Mumbai  
Date : 21<sup>st</sup> May, 2012

# KELTECH ENERGIES LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ Lacs)

Particulars	Note No.	For the year ending 31st March, 2012	For the year ending 31st March, 2011
<b>I. Revenue from operations (Gross)</b>	19	18,928.17	11,994.72
Less: Excise Duty		1,082.12	857.00
Revenue from operations (Net)		17,846.05	11,137.72
<b>II. Other income</b>	20	55.55	27.56
<b>III. Total Revenue (I + II)</b>		<b>17,901.60</b>	<b>11,165.28</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	21	8,393.52	6,595.41
Purchases of Stock-in-Trade	22	688.77	778.41
Changes in inventories of finished goods and Stock-in-Trade	23	(23.56)	(42.37)
Employee benefits expense	24	671.12	657.13
Other Expenses	25	7,114.99	2,733.26
Finance costs	26	184.34	119.81
Depreciation and amortization expense [Including prior period excess depreciation written back of ₹ 14.09 lacs (P.Y. Nil)]		114.18	97.51
<b>Total expenses</b>		<b>17,143.36</b>	<b>10,939.16</b>
<b>V. Profit before tax (III-IV)</b>		<b>758.24</b>	<b>226.12</b>
<b>VI. Tax expense:</b>			
Current tax [Including prior period tax provision written back of ₹ 0.12 lacs (P.Y. ₹ 1.12 lacs)]		219.88	58.38
Deferred tax		34.00	11.54
		<b>253.88</b>	<b>69.92</b>
<b>VII. Profit (Loss) for the year (V-VI)</b>		<b>504.36</b>	<b>156.20</b>
Earnings per equity share:			
(1) Basic		50.44	15.62
(2) Diluted		50.44	15.62

The accompanying notes are an integral part of the financial statements

As per our attached Report of even date  
For Haribhakti & Co  
Chartered Accountants  
FRN 103523W

For and on behalf of the Board

**ASHOK V. CHOWGULE**  
Chairman

**S.L. CHOWGULE**  
Managing Director

CHETAN DESAI  
Partner  
Membership No.17000

**P. PRABHUDEV**  
Dy. Gen Manager (F & A)

Place : Mumbai  
Date : 21<sup>st</sup> May, 2012

**Cash Flow Statement for the year ended 31st March, 2012**

(₹ Lacs)

		<b>Current Year</b>	<b>Previous Year</b>
<b>A Cash Flow from Operating Activities</b>			
Net Profit/(Loss) before tax	A	758.24	226.12
Adjustment for :			
Depreciation		114.18	97.51
Loss (Profit) on Sale of Assets		(17.18)	2.67
Interest Paid		121.63	51.48
Other Borrowing Costs		62.71	68.33
Interest Received		(38.37)	(27.56)
Bad debts		11.83	2.05
	B	254.80	194.48
Operating Profit before Working Capital Changes (A+B)	C	1,013.04	420.60
Movements in working capital:			
Inventories		(468.00)	(94.19)
Trade Receivables		(721.94)	198.92
Long Term Loans & Advances		(60.85)	(83.87)
Short Term Loans & Advances		(41.41)	20.63
Other Current Assets		(58.94)	(22.97)
Long-term provisions		11.95	55.35
Trade payables		769.67	340.33
Other current liabilities		245.30	51.58
Short-term provisions		11.13	-
(Increase)/Decrease in net current assets	D	(313.09)	465.78
Direct Taxes Paid	E	(122.77)	(118.58)
<b>Net Cash from Operating Activities (C+D+E)</b>	F	<b>577.18</b>	<b>767.80</b>
<b>B Cash Flow from Investing Activities :</b>			
Purchase of Tangible Assets		(355.80)	(812.03)
Purchase of Intangible Assets		(0.20)	(6.95)
Capital Work-in-progress		(76.49)	20.76
Proceeds from Sale of Investment		-	0.05
Investment in Fixed Deposit (Having maturity of more than 3 months)		(6.00)	(20.00)
Interest Received		38.37	27.56
Proceeds from Sale of Fixed Assets		103.50	3.90
Net Cash used in Investing Activities	G	(296.62)	(786.71)

# KELTECH ENERGIES LIMITED

## Cash Flow Statement for the year ended 31st March, 2012 (Contd...)

(₹ Lacs)

		Current Year	Previous Year
<b>C Cash Flow from Financing Activities</b>			
Proceeds (Repayment) of Long Term Borrowings (Net)		(88.90)	171.78
Proceeds (Repayment) of Short Term Borrowings (Net)		(5.52)	57.28
Interest Paid		(118.61)	(51.48)
Other Borrowing Costs Paid		(62.71)	(68.33)
Dividend Paid		(25.00)	(25.00)
Net Cash used in Financing Activities	H	(300.74)	84.25
<b>Net Increase in cash Equivalents (F+G+H)</b>		<b>(20.19)</b>	<b>65.34</b>
<b>Opening Cash &amp; Cash Equivalents</b>		<b>580.72</b>	<b>515.38</b>
<b>Closing Cash &amp; Cash Equivalents</b>		<b>560.53</b>	<b>580.72</b>
<b>Components of Cash and Cash Equivalents</b>			
Balance with Banks:			
On Current Accounts		162.59	183.83
Unpaid dividend accounts*		7.54	7.22
Bank deposits with less than 3 months maturity		376.22	375.00
Cheques, drafts on hand		8.90	10.45
Cash on hand		5.28	4.22
Total Cash & Cash Equivalents		<b>560.53</b>	<b>580.73</b>

\* The Company can utilise this balance only towards settlement of the respective unpaid dividend.

As per our attached Report of even date

For and on behalf of the Board

For Haribhakti & Co

Chartered Accountants

FRN 103523W

**ASHOK V. CHOWGULE**

Chairman

**S.L. CHOWGULE**

Managing Director

CHETAN DESAI

Partner

Membership No. 17000

**P. PRABHUDEV**

Dy. Gen Manager (F & A)

Place : Mumbai

Date : 21<sup>st</sup> May, 2012

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012****I Significant Accounting Policies :****i) Basis of Preparation:-**

The Financial Statements have been prepared to comply with all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed below, are consistent with those used in the previous year.

**ii) Use of Estimates:-**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**iii) Revenue Recognition:-**

Revenue is generally recognised on accrual basis. Revenue from Site Contracts is accounted for on the basis of reaching relevant milestones.

**iv) Fixed Assets:-**

a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for use.

b) Depreciation on Fixed Assets, except leasehold land, has been provided for on straight line method as prescribed by Schedule XIV of the Companies Act, 1956. 100% depreciation is provided for on all assets each costing ₹5000/- or less. For additions and deletions made during the year, depreciation is provided on pro-rata basis.

c) Value of lease hold land is amortized over the lease period.

d) Impairment of Assets:- The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the Balance Sheet date, there is any evaluation that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

**v) Capital Work-in-Progress:-**

These are stated at cost to date relating to items or project in progress, incurred during construction / pre-operative period.

**vi) Leases:-**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

vii) Investments:-

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

viii) Inventory:-

Raw materials, Stock-in-transit, Packing materials, Stores and spares have been valued at cost, arrived on weighted average method. Traded goods and Finished goods have been valued at lower of cost and net realisable value. Cost of finished goods includes direct material, excise duty, freight & forwarding and apportionment of manufacturing overheads based on normal operating capacity, and is determined on a weighted average basis.

ix) Borrowing Costs:-

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

x) Foreign Exchange Transactions:-

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. Gains and Losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss. In case of forward contracts (non speculative), the exchange difference are dealt with in the statement of profit and loss over the period of contracts.

xi) Retirement and other Employee Benefits:-

- a) Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- b) Gratuity and Leave Encashment liability is defined benefit obligations and are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- c) Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

xii) Income Tax :-

Tax expense comprises of current and deferred tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred Income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.



**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities, as measured by the enacted / substantively enacted tax rates. Deferred tax Expense / Income is the result of changes in the net deferred tax assets and liabilities.

Deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realised.

xiii) Segment Reporting:-

- a) The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.
- b) Common allocable costs are allocated to each segment in proportion of respective segment to total revenue of the company.
- c) The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

xiv) Earning per Share:-

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xv) Provisions:-

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xvi) Contingent Liabilities:-

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability, but discloses its existence in the financial statements.

xvii) Cash and Cash Equivalents:-

Cash and Cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

2	Share Capital	As at 31 March 2012		As at 31 March 2011	
		Number	(₹ Lacs)	Number	(₹ Lacs)
	(i) <u>Authorised</u>				
	Equity shares of ₹ 10 each	1,000,000	100.00	1,000,000	100.00
	Unclassified Shares of ₹ 10 each	1,000,000	100.00	1,000,000	100.00
		2,000,000	200.00	2,000,000	200.00
	(ii) <u>Issued</u>				
	Equity Shares of ₹ 10 each	1,000,000	100.00	1,000,000	100.00
	(iii) <u>Subscribed and Paid up</u>				
	Equity Shares of ₹ 10 each fully paid	999,900	99.99	999,900	99.99
	(iv) <u>Subscribed but not fully Paid up</u>				
	Equity Shares of ₹ 10 each, not fully paid up (₹ 250 received on application)	100	0.00	100	0.00
	Total subscribed and paid up Share Capital	1,000,000	99.99	1,000,000	99.99

(v) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31 March 2012 (Equity Shares)		As at 31 March 2011 (Equity Shares)	
	Number	(₹ Lacs)	Number	(₹ Lacs)
Shares outstanding at the beginning of the year	1,000,000	99.99	1,000,000	99.99
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,000,000	99.99	1,000,000	99.99

(vi) **Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Chowgule & Co., Pvt Ltd	409,930	40.99	409,930	40.99
Dolphin Investment Ltd	93,601	9.36	93,601	9.36
Solar Industries India Ltd	64,111	6.41	3,630	0.36

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

(vii) **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

3	Reserves & Surplus	As at	As at
		31 March 2012	31 March 2011
		(₹ Lacs)	(₹ Lacs)
(i)	<b>Capital Reserves</b>		
	Opening Balance (Refer iv)	31.20	31.20
	(+) Current Year Transfer	-	-
	(-) Written Back in Current Year	-	-
	Closing Balance	<b>31.20</b>	<b>31.20</b>
(ii)	<b>General Reserve</b>		
	Opening Balance	1,349.80	1,249.80
	(+) Current Year Transfer	475.00	100.00
	(-) Written Back in Current Year	-	-
	Closing Balance	1,824.80	1,349.80
(iii)	<b>Surplus in the statement of profit and loss</b>		
	Opening balance	473.95	446.80
	(+) Net Profit/(Net Loss) for the current year	504.36	156.20
	(+) Transfer from Reserves	-	-
	(-) Proposed Dividends	25.00	25.00
	(-) Tax on Dividends	4.05	4.05
	(-) Interim Dividends	-	-
	(-) Transfer to Reserves	475.00	100.00
	Closing Balance	474.26	473.95
	<b>Total (i+ii+iii)</b>	<b>2,330.26</b>	<b>1,854.95</b>

(iv) Opening balance of capital reserves represents the subsidy received from the Government of Karnataka- ₹ 3.69 Lacs & Government of Maharashtra- ₹ 27.51 Lacs under the Investment subsidy scheme for setting up a new industrial unit in Karnataka and Maharashtra respectively.

4	Long Term Borrowings	As at	As at
		31 March 2012	31 March 2011
		(₹ Lacs)	(₹ Lacs)
<b>A</b>	<b>Secured Borrowings</b>		
	<b>Term loans</b>		
	<b>From banks</b>		
	a. Towards purchase of Assets	114.61	98.53
	(Carrying interest ranging from 9.50% to 15.25% and repayable in 36 instalments from the date of the loan )		
	b. Towards D-fuse project	159.70	224.54
	(Carrying interest ranging from 14.50% to 15.25% and repayable in 60 instalments)		
	<b>Total of Secured Borrowings (A)</b>	<b>274.31</b>	<b>323.07</b>
	(All the above Loans from the banks are secured by mortgage of assets and hypothecation of vehicles)		
	[Out of the total secured borrowings of ₹ 455.93 Lacs (P.Y. ₹ 455.06 Lacs), loans of ₹ 181.62 Lacs (P.Y. ₹ 131.99 Lacs) having current maturities, have been disclosed in Note 9]		

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

4	Long Term Borrowings	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>B Unsecured Borrowings</b>		
	<b>Deferred payment liabilities</b>		
	(i) Sales tax deferement loans (Deferred sales tax loan is interest free and payable in 8 years starting from April 2010)	156.61	195.89
	(ii) Sales tax deferement loans (Deferred sales tax loan is interest free and payable in 7 years starting from April 2012)	54.17	55.03
	<b>Total of Unsecured Borrowings (B)</b>	<b>210.78</b>	<b>250.92</b>
	[Out of the total unsecured borrowings of ₹ 250.92 Lacs (P.Y. ₹ 268.20 Lacs), loans of ₹ 40.14 Lacs (P.Y. ₹ 17.28 Lacs) having current maturities, have been disclosed in Note 9]		
	<b>Total (A+B)</b>	<b>485.09</b>	<b>573.99</b>

5	Deferred Tax Liability	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>(i) Deferred Tax Liability</b>		
	Opening Balance	199.97	171.66
	Difference between tax depreciation & book depreciation	41.84	28.31
		<b>241.81</b>	<b>199.97</b>
	<b>(ii) Deferred Tax Asset</b>		
	Opening Balance	68.22	51.45
	Expenses allowable under Section 43B of I. Tax Act on payment basis	7.84	16.77
		76.06	68.22
	<b>Net Deferred Tax Liabilities (i-ii)</b>	<b>165.75</b>	<b>131.75</b>

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

6	Long Term Provisions	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Provision for employee benefits		
	Gratuity (Partly funded)	107.95	107.57
	Leave Encashment (unfunded)	81.00	69.43
	<b>Total</b>	<b>188.95</b>	<b>177.00</b>

7	Short Term Borrowings	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>A Secured Borrowings</b>		
	<b>Loans repayable on demand</b>		
	<b>From banks</b>		
	Cash Credit facility	151.76	57.28
	(Secured by first charge by hypothecation of book debts ( as prime security), stocks of raw materials, semifinished goods, consumable stores and by first charge on the fixed assets).		
	<b>Total of Secured Borrowings (A)</b>	<b>151.76</b>	<b>57.28</b>
	<b>B Unsecured Borrowings</b>		
	<b>Loans repayable on demand</b>		
	From other parties	-	100.00
	Chowgule & Co. Pvt. Ltd. (Bearing 9% interest)		
	<b>Total of Unsecured Borrowings (B)</b>	<b>-</b>	<b>100.00</b>
	<b>Total (A+B)</b>	<b>151.76</b>	<b>157.28</b>

8	Trade Payables	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Trade Payables (Goods)	2,044.04	1,274.36
	<b>Total</b>	<b>2,044.04</b>	<b>1,274.36</b>

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

9	Other Current Liabilities	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Current maturities of long-term debt - Secured Borrowings (Note 4)	181.62	131.99
	Current maturities of long-term debt- Unsecured Borrowings (Note 4)	40.14	17.28
	Interest accrued but not due on borrowings	3.02	1.31
	Income received in advance	7.54	78.82
	Trade payables - Capital Goods	34.91	-
	Trade payables - Other Expenses	376.85	206.87
	Other liabilities- Statutory Dues	118.94	91.80
	Outstanding liabilities	466.20	453.15
	Unclaimed Dividend	7.54	7.22
	<b>Total</b>	<b>1,236.76</b>	<b>988.44</b>
10	Short Term Provisions	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	(i) <b>Provision for employee benefits</b>		
	Gratuity (Partly- Funded)	26.00	22.98
	Leave Encashment (Un-funded)	19.48	10.26
	Provision for Bonus/Ex-gratia	20.56	19.31
		<b>66.04</b>	<b>52.55</b>
	(ii) <b>Other provisions</b>		
	Provision for taxation [Net of Advance tax of ₹ 491.47 lacs (P.Y. ₹ 658.90 lacs)]	100.03	1.21
	Proposed Dividend	25.00	25.00
	Tax on Dividend	4.05	4.06
		129.08	30.27
	<b>Total (i + ii)</b>	<b>195.12</b>	<b>82.82</b>

Notes to financial statements for the year ended 31<sup>st</sup> March 2012

## II Tangible Assets

(₹ Lacs)

Particulars	C O S T			D E P R E C I A T I O N			N E T B L O C K			
	Cost as on 01.04.2011	Additions during the year	Deductions during the year	Cost as on 31.03.2012	Deprecia- tion as on 01.04.2011	Depreciation for the year	Deductions during the year	Deprecia- tion upto 31.03.2012	Net Block as on 31.03.2011	Net Block as on 31.03.2012
LAND										
a) Freehold	78.81	-	-	78.81	-	-	-	-	78.81	78.81
b) Leasehold	7.51	-	-	7.51	0.42	0.09 *	-	0.51	7.00	7.09
Buildings	829.79	29.33	-	859.12	117.06	22.08	-	139.14	719.98	713.93
Plant & Machinery	1,908.77	277.47	100.77	2,085.47	828.59	77.90	19.86	886.63	1,198.84	1,091.82
Laboratory Equipment	17.32	0.24	-	17.56	7.83	0.58	-	8.41	9.15	9.43
Office Equipments	110.64	20.53	4.36	126.81	57.67	8.88	1.77	64.78	62.03	24.56
Furniture & Fixtures	57.58	0.61	-	58.19	34.43	3.14	-	37.57	20.62	23.44
Vehicles	119.17	27.62	15.07	131.72	51.51	10.62	12.29	49.84	81.88	68.93
Total	3,129.59	355.80	120.20	3,365.19	1,097.51	123.29	33.92	1,186.88	2,178.31	2,018.01
Previous Year	2,337.07	812.03	11.49	3,137.61	1,029.24	95.28	4.92	1,119.60	2,018.01	
* Amortization										

## II (a) Intangible Assets

Particulars	C O S T			D E P R E C I A T I O N			N E T B L O C K			
	Cost as on 01.04.2011	Additions during the year	Deductions during the year	Cost as on 31.03.2012	Deprecia- tion as on 01.04.2011	Depreciation for the year	Deductions during the year	Deprecia- tion upto 31.03.2012	Net Block as on 31.03.2011	Net Block as on 31.03.2012
Technical Knowhow	8.02	-	-	8.02	8.02	-	-	8.02	-	-
Computer Software	12.45	0.20	-	12.65	2.50	4.98	-	7.48	5.17	9.95
Total	20.47	0.20	-	20.67	10.52	4.98	-	15.50	5.17	9.95
Previous Year	5.50	6.95	-	12.45	0.27	2.23	-	2.50	9.95	

## II (b) Capital Work-in-Progress

Particulars	As at 31 March 2012	As at 31 March 2011
	(₹ Lacs)	(₹ Lacs)
Opening Balance	29.67	50.43
Additions during the year	93.31	16.80
Less:- Capitalised during the year	16.82	37.56
Closing Balance	106.16	29.67

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

12	Non Current Investments	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>Non Trade Investments (Valued at cost unless stated otherwise)</b>		
	Investments in Government or Trust securities		
	In NSC	0.10	0.10
	<b>Total</b>	<b>0.10</b>	<b>0.10</b>

13	Long Term Loans and Advances	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Long Term Loans and Advances (Unsecured, Considered good unless stated otherwise)		
	(i) Capital Advances	24.42	22.45
	(ii) Security Deposits	158.56	158.99
	(iii) Other loans and advances		
	Loans to Employees	0.46	0.03
	Prepaid Expenses	6.92	9.90
	VAT Receivable	231.04	169.18
	<b>Total</b>	<b>421.40</b>	<b>360.55</b>

14	Inventories	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	(i) Raw Materials and components [Valued at cost, arrived on weighted average method (WAM)] [including goods in transit ₹ 3.14 lacs (P.Y. ₹ 1.23 lacs)]	927.00	493.07
	(ii) Finished goods [Valued at Lower of cost and net realisable value (including goods in transit ₹ 33.92 lacs (P.Y. ₹ 22.95 lacs)]	135.40	103.25
	(iii) Stock-in-trade (Valued at lower of cost and net realisable value)	11.57	20.16
	(iv) Stores and spares (Valued at cost, arrived on WAM)	60.96	50.45
	<b>Total</b>	<b>1,134.93</b>	<b>666.93</b>

15	Trade Receivables	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>Trade receivables (Unsecured considered good)</b>		
	Outstanding for a period less than six months [including receivable for sale of Fixed Assets amounting to ₹ 87.73 Lacs (P.Y. Nil)]	1,959.34	1,272.01
	Outstanding for a period more than six months	138.62	115.84
	<b>Total</b>	<b>2,097.96</b>	<b>1,387.85</b>



**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

16	Cash and bank balances	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>(A) Cash and cash equivalents</b>		
	(i) Balance with Banks:		
	On Current Accounts	162.59	183.83
	Unpaid dividend accounts	7.54	7.22
	Bank deposits with less than 3 months maturity	376.22	375.00
	(ii) Cheques, drafts on hand	8.90	10.45
	(iii) Cash on hand	5.28	4.22
		560.53	580.72
	<b>(B) Other bank balances</b>		
	Bank deposits with more than 12 months maturity	0.09	0.09
	Margin Money kept as deposits with more than 12 months maturity (against Letter of Credit)	26.00	20.00
		<b>26.09</b>	<b>20.09</b>
	<b>Total (A + B)</b>	<b>586.62</b>	<b>600.81</b>

17	Short-term loans and advances	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>Other Short-term loans and advances</b> (Unsecured, Considered good unless stated otherwise)		
	Advance recoverable in Cash or in kind or for value to be received	165.96	128.36
	Loans to Employees	0.92	1.45
	Balance with Excise Authorities	92.29	87.95
	<b>Total</b>	<b>259.17</b>	<b>217.76</b>

18	Other Current Assets	As at 31 March 2012	As at 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>Other Current Assets</b> (Unsecured, Considered good unless stated otherwise)		
	Billable Costs	105.01	45.86
	Interest Receivable	2.89	3.09
	<b>Total</b>	<b>107.90</b>	<b>48.95</b>

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

19	Revenue From Operations	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ Lacs)	(₹ Lacs)
(i)	Sale of products		
	Manufactured Goods	12,455.47	9,877.54
	Traded Goods	901.87	1,000.73
		13,357.34	10,878.27
(ii)	Sale of services	5,528.88	1,085.97
(iii)	Other operating revenues	41.95	30.48
	Revenue from operations (Gross)	18,928.17	11,994.72
	Less:		
(iv)	Excise duty *	1,082.12	857.00
	Revenue from operations (Net)	<b>17,846.05</b>	<b>11,137.72</b>

\* Excise duty on sales amounting to ₹ 1082.12 lacs has been reduced from sales in statement of profit & loss and excise duty on closing stock amounting to ₹ 6.20 lacs has been considered in "Other Expenses" in note 26 of financial statements.

(v) Details of Sale of Manufactured Goods

Industrial Explosives	10,743.70	8,648.45
Detonating Fuse	318.84	-
Expanded Perlite	501.40	570.14
Perlite Concrete Blocks	177.52	132.57
Others	714.01	526.38
	<b>12,455.47</b>	<b>9,877.54</b>

(vi) Details of Sale of Traded Goods

Detonating Fuse	119.21	224.51
Nonal Shock tubes, Electric Detonators etc.,	84.85	60.51
Perlite Ore, Peat Products	697.81	715.71
	<b>901.87</b>	<b>1,000.73</b>

(vii) Details of Sale of Services

Site Contract Incomes - Explosives	4,615.44	920.56
Site Contract Incomes - Perlite	913.44	165.41
	<b>5,528.88</b>	<b>1,085.97</b>

20	Other income	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ Lacs)	(₹ Lacs)
(i)	Interest Income	38.37	27.56
(ii)	Net gain/(loss) on sale of Fixed Assets	17.18	-
	<b>Total</b>	<b>55.55</b>	<b>27.56</b>

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

21	Raw Materials and Packing Materials Consumed	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ Lacs)	(₹ Lacs)
(i)	Opening Stock		
	Raw Materials	382.20	367.50
	Packing Materials	110.87	80.58
		<b>493.07</b>	<b>448.08</b>
(ii)	Add: Purchases		
	Raw Materials	8,272.87	6,142.26
	Packing Materials	554.58	498.14
		<b>8,827.45</b>	<b>6,640.40</b>
(iii)	Less: Closing Stock		
	Raw Materials	810.12	382.20
	Packing Materials	116.88	110.87
		<b>927.00</b>	<b>493.07</b>
(iv)	Consumption		
	Raw Materials	7,844.95	6,127.56
	Packing Materials	548.57	467.85
		<b>8,393.52</b>	<b>6,595.41</b>

**(v) Details of Raw Materials and Packing Materials Consumed**

	For the year ended 31 March 2012	For the year ended 31 March 2011
	(₹ Lacs)	(₹ Lacs)
Ammonium Nitrate	4,681.80	3,618.89
Mono Methyle Amine	508.59	488.66
Nitric Acid	423.75	337.29
Perlite Ore	129.24	120.76
Peat Moss	26.75	46.51
Sodium Nitrate	261.97	229.10
Others	2,361.42	1,754.20
	<b>8,393.52</b>	<b>6,595.41</b>

**(vi) Details of Inventory**

	For the year ended 31 March 2012	For the year ended 31 March 2011
	(₹ Lacs)	(₹ Lacs)
Ammonium Nitrate	464.44	128.22
Mono Methyle Amine	33.65	26.90
Nitric Acid	13.67	15.60
Perlite Ore	79.44	45.68
Peat Moss	18.19	12.69
Sodium Nitrate	24.15	28.34
Others	293.46	235.64
	<b>927.00</b>	<b>493.07</b>

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

22	Details of Purchase of traded Goods	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Detonating Fuse	93.33	202.27
	Shock Tubes	49.10	39.14
	Perlite Ore	439.35	417.13
	Peat products	106.99	119.87
	<b>Total</b>	<b>688.77</b>	<b>778.41</b>

23	Changes in inventories of finished goods and Stock-in-Trade	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ Lacs)	(₹ Lacs)
	<b>(i) Manufactured Finished Goods</b>		
	Closing Stock	135.40	103.25
	Less : Opening Stock	103.25	70.05
		<b>(32.15)</b>	<b>-33.20</b>
	<b>(ii) Traded Finished Goods</b>		
	Closing Stock	11.57	20.16
	Less : Opening Stock	20.16	10.99
		8.59	(9.17)
		<b>(23.56)</b>	<b>(42.37)</b>

### (iii) Details of Inventory- Finished Goods

	For the year ended 31 March 2012	For the year ended 31 March 2011
	(₹ Lacs)	(₹ Lacs)
Industrial Explosives	106.11	88.61
Expanded Perlite	15.63	14.64
Detonating Fuse	10.24	-
PETN/DNA	3.42	-
Detonating Fuse	0.03	10.63
Shock Tubes	2.59	3.72
Perlite Ore	7.17	3.75
Peat products	1.79	2.06
	<b>146.98</b>	<b>123.41</b>

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

24	Employee Benefits Expense	For the year ended	For the year ended
		31 March 2012	31 March 2011
		(₹ Lacs)	(₹ Lacs)
	(i) Salaries and incentives	531.65	473.84
	(ii) Contributions to - Provident fund, State Insurance & Superannuation scheme	60.81	50.80
	(iii) Gratuity fund contributions	26.91	68.45
	(iv) Staff welfare expenses	51.75	64.04
	<b>Total</b>	<b>671.12</b>	<b>657.13</b>

25	Other Expenses	For the year ended	For the year ended
		31 March 2012	31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Stores Consumed	133.40	136.85
	Power and Fuel	325.75	131.83
	Insurance	19.91	17.51
	Rent (Net)	92.71	62.54
	Rates & Taxes	53.61	15.42
	<b>Repairs and Maintenance</b>		
	Building	25.60	32.97
	Plant & Machinery	96.76	58.88
	Others	22.88	12.82
	Travelling and Conveyance	490.02	388.59
	<b>Auditors Remuneration</b>		
	For Audit Fees	2.81	2.21
	For Audit under Income Tax Act	0.62	0.44
	For Other Services	1.32	0.66
	Postage, Telegram & Telex	32.06	27.42
	Directors' Sitting Fees	1.20	1.45
	Freight and Forwarding	503.60	419.97
	Commission on Sales	108.87	103.04
	Establishment Expenses	230.70	134.53
	Claims under warranties	101.36	40.36
	Loss on sale of assets (Net)	-	2.68
	Bad-debts	11.83	2.05
	Drilling, Blasting & Excavation	4,299.19	861.21
	Legal & Professional Charges	191.98	92.23
	Handling & Transport	234.42	65.17
	Miscellaneous Expenses	134.39	122.43
	<b>Total</b>	<b>7,114.99</b>	<b>2,733.26</b>

26	Finance Costs	For the year ended	For the year ended
		31 March 2012	31 March 2011
		(₹ Lacs)	(₹ Lacs)
	Interest expense	121.63	51.48
	Other borrowing costs	62.71	68.33
	<b>Total</b>	<b>184.34</b>	<b>119.81</b>

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

### 27 Contingent Liabilities:

- Disputed demand in respect of Sales tax at Waidhan and Anuppur aggregating to ₹ 1.18 lacs (₹ 14.49 lacs). Amount aggregating to ₹ 0.85 lacs is paid under protest against such demand, which has been included under Loans and Advances.
- The Competition Commission of India (CCI) on 27<sup>th</sup> April, 2012 has imposed a penalty of ₹ 311.77 Lacs on the Company, for certain alleged violation of provisions of the Competition Act, 2002 by several explosives manufacturers (the Company being one of them). The Company is in the process of filing an appeal to the Appellate Tribunal Authority within the stipulated period of two months from receipt of the order. The Company has been advised that such demand is not likely to be materialized.
- Letter of credits and Bank guarantees issued to suppliers/customers ₹ 1553.68 lacs (P.Y. ₹ 1498.96 lacs).

28 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) ₹ 60.65 lacs (₹ 30.47 lacs).

29 In respect of Sundry Creditors which are Micro, Small and Medium Enterprises, the Company has not availed credit facility beyond 45 days. Further, there is no outstanding payable to Micro, Small and Medium Enterprises beyond 45 days as on Balance Sheet date.

### 30 Segment Reporting:-

The primary segment reporting format is determined to be business segments as the company's risks and rate of return are affected predominantly by difference in the products and services provided. Secondary information is reported geographically.

The Company has identified its business into three reportable segments namely, Explosives, Perlite and Site Contracts.

#### Business Segments

₹ Lacs

Particulars	2011-12					2010-11				
	Business Segments				Total	Business Segments				Total
	Explosives	Perlite	Site Contracts			Explosives	Perlite	Site Contracts		
Explosives Related			Perlite Related	Explosives Related	Perlite Related					
<b>Revenue (Excluding Excise duty)</b>										
External Revenue	10942.37	1332.86	4615.43	913.44	17804.10	8497.82	1554.95	920.56	133.91	11107.24
Less:- Inter-segment Revenue	-	-	-	-	-	-	-	-	-	-
Add:- Un-allocable Income					41.95					30.48
<b>Total Revenue</b>	<b>10942.37</b>	<b>1332.86</b>	<b>4615.43</b>	<b>913.44</b>	<b>17846.05</b>	<b>8497.82</b>	<b>1554.95</b>	<b>920.56</b>	<b>133.91</b>	<b>11137.72</b>
<b>Result</b>										
<b>Segment result</b>	<b>337.39</b>	<b>70.59</b>	<b>200.59</b>	<b>334.01</b>	<b>942.58</b>	<b>127.78</b>	<b>148.14</b>	<b>31.69</b>	<b>38.32</b>	<b>345.93</b>
Less:- Interest & financing charges					184.34					119.81
<b>Profit before Tax</b>					<b>758.24</b>					<b>226.12</b>
Less:- Provision for tax					253.88					69.92
<b>Profit after tax</b>					<b>504.36</b>					<b>156.20</b>
<b>Other information</b>										
Segment assets	4801.10	701.48	5.60	269.32	5777.50	3528.65	683.45	56.06	16.05	4284.21
Unallocated assets	-	-	-	-	1120.22	-	-	-	-	1056.37
<b>Total assets</b>	<b>4801.10</b>	<b>701.48</b>	<b>5.60</b>	<b>269.32</b>	<b>6897.72</b>	<b>3528.65</b>	<b>683.45</b>	<b>56.06</b>	<b>-</b>	<b>5340.58</b>
Segment liabilities	2091.33	152.29	199.36	91.64	2534.62	1403.67	26.64	75.94	53.80	1560.05
Unallocated liabilities	-	-	-	-	1932.85	-	-	-	-	1825.60
<b>Total liabilities</b>	<b>2091.33</b>	<b>152.29</b>	<b>199.36</b>	<b>91.64</b>	<b>4467.47</b>	<b>1403.67</b>	<b>26.64</b>	<b>75.94</b>	<b>-</b>	<b>3385.65</b>
Capital expenditure	345.16	117.00	-	-	462.16	769.13	79.52	-	-	848.65
Depreciation & amortisation	116.36	11.91	-	-	128.27	82.21	15.30	-	-	97.51

#### Geographical Segment

Particulars	India		Other Countries		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sales Revenues	16321.87	10248.86	1482.23	858.38	17804.10	11107.24
Segment Assets	6712.54	5273.64	185.18	66.94	6897.72	5340.58
Addition to Fixed Assets	356.00	818.98	-	-	356.00	818.98

**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

**31 Disclosure in respect of Operating Lease in accordance with AS 19 on 'Leases'**

- a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:-
- i) Not later than one year ₹ 11.39 lacs (P.Y. ₹ 12.40 lacs).
  - ii) later than one year and not later than five years- ₹ 3.60 lacs (P.Y. ₹ 22.81 lacs).
  - iii) later than five years - Nil
- b) lease payments recognised in the statement of profit and loss for the period from 1.4.2011 to 31.3.2012 is ₹ 14.67 lacs (P.Y. ₹ 11.72 lacs).

**32 (a) Related party disclosure in accordance with Accounting Standards 18.**

<b>Name of the party</b>	<b>Relationship</b>
Chowgule & Co. Pvt. Ltd.	Major Shareholder
Jaigad Ports & Infrastructure Pvt. Ltd.	Enterprises over which major Shareholder is able to exercise significant influence
Santosh L Chowgule	Key management personnel
Santosh Chowgule HUF	Key management personnel is able to Exercise significant influence

**32 (b)**

<b>Name of the party</b>	<b>Nature of transaction</b>	<b>Amount of transaction</b>	<b>Amount due from</b>	<b>Amount due to</b>
		<b>(₹ lacs)</b>	<b>(₹ lacs)</b>	<b>(₹ lacs)</b>
Chowgule & Co. Pvt. Ltd.	Sale of	35.61	9.17	
	Explosives	(50.97)	(4.21)	
	Sale of Services	2.70	0.53	
	Site Contract Explosives	(4.86)	(0.60)	
Jaigad Ports & Infrastructure Pvt. Ltd.	Sale of Services	4612.73	5.60	
	Site Contract Explosives	(915.70)	(56.06)	
* Chowgule & Co. Pvt. Ltd.	Repayment of Loan	100.00		Nil
		(100.00)		(100.00)
	Interest paid	4.40	Nil	
		(13.40)		
Chowgule & Co. Pvt. Ltd.	Purchase of Crane	-	Nil	
		(9.59)		
Santosh Chowgule HUF	Rent paid	8.26		2.06
		(8.26)		-
Santosh L Chowgule	Remuneration	39.47	Nil	
		(39.35)		

Figures in brackets pertains to previous year.

- \* Further disclosure in conformity with Clause 32 of Listing Agreement; the maximum outstanding of said loan was ₹ 100 Lacs during the year.

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

33 The Company has adopted Accounting Standard 15 (revised 2005) in the Financial Year 2007-08 "Employee Benefits". The Company has classified various employee benefits as under:-

### (A) Defined contribution plans

- a. Provident Fund
- b. Superannuation Fund
- c. State defined contribution plans
  - Employers' Contribution to Employees' State Insurance

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is funded to LIC of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Profit and Loss Account for the year

Sl. No.	Particulars	Gratuity	
		Year ended	Year ended
		31st Mar 12	31st Mar 11
		(₹ / Lacs)	
(i)	Contribution to Provident Fund	43.79	36.43
(ii)	Contribution to Employee's Superannuation Fund	16.59	13.87
(iii)	Contribution to Employee's State Insurance Scheme	0.43	0.50

Leave encashment is payable to eligible employees who have earned leaves, during the employment and / or on superannuation as per the Company's policy. During the year an amount of Rs.16.51 lacs has been charged to Profit & Loss account as per actuarial valuation.

### (B) Defined Benefit Plans

Gratuity

Sl. No.	Particulars	Gratuity		Leave Encashment	
		Year ended	Year ended	Year ended	Year ended
		31st Mar 12	31st Mar 11	31st Mar 12	31st Mar 11
		(₹ / Lacs)		(₹ / Lacs)	
Valuation in respect of Gratuity, as well, has been carried out by the independent actuaries, as at the Balance Sheet date, based on the following assumptions:					
(i)	Discount Rate ( Per annum)	8.31%	8.15%	8.31%	8.15%
(ii)	Rate of increase in Compensation levels	5%	5%	5%	5%
(iii)	Rate of Return on Plan Assets				
(iv)	Attrition rate	3%	3%	3%	3%
(i)	Changes in present Value of Obligation				
a)	Present value of Obligation as at 1st April 2011	193.56	142.60	79.69	64.92
b)	Interest Cost	15.75	11.18	6.46	5.10
c)	Past Service Cost	0	29.28	0	0
d)	Current Service Cost	22.35	17.42	25.22	19.99
e)	Contributions by Plan participants				
f)	Curtailement Cost/(Credit)				



**Notes to financial statements for the year ended 31<sup>st</sup> March 2012**

Sl. No.	Particulars	Gratuity		Leave Encashment	
		Year ended 31st Mar 12	Year ended 31st Mar 11	Year ended 31st Mar 12	Year ended 31st Mar 11
		(₹ / Lacs)		(₹ / Lacs)	
g	Settlement Cost/(Credit)				
h	Benefits Paid	(0.61)	(5.78)	(0.72)	(2.31)
i	Actuarial (Gains)/Loss	12.41	(1.14)	(10.17)	(8.01)
j	Present value of Obligations as at 31 <sup>st</sup> March 2012	243.46	193.56	100.48	79.69
(ii)	Changes in Fair value of Plan Assets				
a	Present value of Plan assets as at 1 <sup>st</sup> April 2011 Adjustment to opening balance	63.00	52.61	-	-
b	Expected Return on Plan Assets	25.41	-	-	-
c	Actuarial(Gain)/Loss	8.06	5.64	-	-
d	Employer's Contributions	(8.06)	(5.64)	-	-
e	Benefits Paid	21.70	16.17	(0.72)	2.31
f	Fair Value of Assets as at 31 <sup>st</sup> March, 2012	(0.61)	(5.78)	(0.72)	(2.31)
		109.50	63.00	-	-
(iii)	Percentage of each Category of Plan Assets to total fair value of plan Assets as at 31 <sup>st</sup> March, 2012				
a	Bank Deposits (Sp. Dep. Scheme, 1975)	-	-	-	-
b	Debt Instruments	-	-	-	-
c	Administered by Life Ins. Corpn. Of India	109.50	63.00	-	-
d	Others	-	-	-	-
(iv)	Amounts recognised in the Balance Sheet				
a	Present Value of Obligations as at 31 <sup>st</sup> March, 2012	243.45	193.56	100.48	79.69
b	Fair value of Plan Assets as at 31 <sup>st</sup> March 2012	109.50	63.00	-	-
c	Liability recognised in the Balance Sheet	133.95	130.56	100.48	79.69
(v)	Expenses recognised in the Profit and Loss Account				
a	Current Service Cost	22.35	29.12	25.22	19.99
b	Past Service Cost	-	29.29	-	-
c	Interest Cost	15.75	11.18	6.46	5.10
d	Expected Return on Plan Assets	(8.06)	(5.64)	-	-
e	Curtailment Cost/(Credit)				
f	Settlement Cost/(Credit)				
g	Adjustment to Opening Balance of Present Value of Plan Assets	(25.41)			
h	Net Actuarial(Gain)/Loss	22.27	4.50	(10.17)	(8.01)
i	Employees' Contribution				
j	Total Expenses recognised in the Profit and Loss Account	26.90	68.45	21.51	14.77

# KELTECH ENERGIES LIMITED

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012

<b>34 Earning Per Share:-</b>	<b>2011-12</b>	<b>2010-11</b>
	(₹ lacs)	(₹ lacs)
1) Profit attributable to Equity Shareholders	504.36	156.20
2) Weighted number of Equity Shares during the year	10.00	10.00
3) Basic/Diluted EPS	<u>50.44</u>	<u>15.62</u>
<b>35 Earnings in Foreign Exchange:</b>	<b>2011-12</b>	<b>2010-11</b>
	(₹ lacs)	(₹ lacs)
Exports on FOB basis	1,546.15	838.59
Sale of Fixed Assets	97.05	-
	<u>1,643.20</u>	<u>838.59</u>
<b>36 Details of Imported and Indigenous Raw Materials, Stores &amp; Spares Consumed</b>		
	<b>2011-12</b>	<b>2010-11</b>
	Value	Value
	Percentage	Percentage
	(₹ lacs)	(₹ lacs)
Imported	155.99	167.27
Indigenous	8,370.93	6,097.14
	<u>8,526.92</u>	<u>6,264.41</u>
	1.83	2.67
	98.17	97.33
	100.00	100.00
<b>37 CIF value of imports during the year</b>	<b>2011-12</b>	<b>2010-11</b>
	(₹ lacs)	(₹ lacs)
Raw Materials	451.60	336.43
Capital Goods	80.97	-
	<u>532.57</u>	<u>336.43</u>
<b>38 Unhedged Foreign Currency Exposure as at the Balance Sheet date</b>		
Trade Receivables :- ₹ 230.39 lacs (US \$ 454335 @ Closing rate of 1 USD = ₹ 50.71).		
Trade Payables :- ₹ 91.26 lacs (US \$ 177100 @ Closing rate of 1 USD = ₹ 51.53).		
₹ 2.62 lacs (UK Pounds 3176 @ Closing rate of 1 UK Pound = ₹ 82.58).		
₹ 39.69 lacs (EURO 57485 @ Closing rate of 1 EURO = ₹ 69.05).		
<b>39 Expenditure in Foreign Currency (shown on cash basis)</b>	<b>2011-12</b>	<b>2010-11</b>
	(₹ lacs)	(₹ lacs)
i) Travelling	79.57	50.01
ii) Others	8.93	39.26
	<u>88.50</u>	<u>89.27</u>
<b>40 The Financial Statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the Financial Statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.</b>		

for **HARIBHAKTI & CO.,**  
Chartered Accountants

**ASHOK V. CHOWGULE**  
Chairman

**S. L. CHOWGULE**  
Managing Director

**CHETAN DESAI**  
Partner

**P. PRABHUDEV**  
Dy. Gen Manager (F & A)

Place : Mumbai  
Date : 21<sup>st</sup> May, 2012

**KELTECH ENERGIES LIMITED**

Registered Office : 'Crescent Towers'  
VI Floor, No. 32/1-2, Crescent Road,  
Bangalore - 560 001

**PROXY FORM**

I / We .....  
of .....  
.....  
being a Member of the above named Company  
Members

hereby appoint .....  
of .....  
or failing him .....  
of .....  
as my proxy to vote for my on my behalf at  
our us our

The THIRTY FIFTH ANNUAL GENERAL MEETING  
of the Company to be held on 20<sup>th</sup> July, 2012 and  
any adjournment thereof.

Signed .....  

Affix  
Revenue  
Stamp

.....

Date : ..... Folio No. ....

Note : Proxies must reach the Company's  
Registered Office not less than 48 hours  
before the time fixed for the Meeting.

**KELTECH ENERGIES LIMITED**

Registered Office : 'Crescent Towers'  
VI Floor, No. 32/1-2, Crescent Road,  
Bangalore - 560 001

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP  
AND HAND IT OVER AT THE ENTRANCE OF  
THE MEETING HALL. Joint Shareholders may  
obtain additional Attendance Slips on request.

NAME & ADDRESS OF  
THE SHAREHOLDERS Folio No. KEL

.....  
.....  
.....  
.....  
.....

I hereby record my presence at the 35<sup>th</sup> ANNUAL  
GENERAL MEETING of the Company, at  
Beaumont Hall, LeMeridian, No. 28, Sankey Road,  
Bangalore - 560 052 at 3.00 p.m. on 20<sup>th</sup> July, 2012.

.....  
Signature of the Shareholder / Proxy

