

**SHAKTI**  
PUMPING LIFE

# PUMPING LIFE

Shakti Pumps (India) Limited  
Annual Report 2011-12



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PUMPING LIFE

## Disclaimer

The disclosures of forward-looking information contained in this annual report are made to enable investors to comprehend the prospects and make informed investment decisions. This report and other statements – written or oral – may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Maximum effort has been made to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion

of future performance. However, the entire realization of these forward-looking statements cannot be guaranteed, although the assumptions have been prudent enough to rely upon. The achievement of results is subject to risks, uncertainties and unforeseen events. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. The management does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.

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## Important communication to members

The Ministry of Corporate Affairs has undertaken a 'Green initiative in Corporate Governance' by allowing paperless compliances by companies and has issued circulars stating that service of notice/ documents including the annual report can be sent by e-mail to members. To support this green initiative of the Government of India, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned depository participants. Members who hold shares in

physical form are requested to fill in and forward the e-mail address registration form enclosed separately in this Annual

Report to:

Adroit Corporate Services Pvt. Ltd  
Unit: Shakti Pumps (India) Limited  
19/20, Jaferbhoy Industrial Estate  
1st Floor, Makwana Road, Marol Naka  
Andheri (E), Mumbai – 400 059  
Ph.: (022) 28594060, 28596060  
Fax: (022) 28503748  
Email: pratapp@adroitcorporate.com

## Corporate information

### Board of Directors

Mr. Dinesh Patidar, *Chairman and Managing Director*

Mr. Sunil Patidar, *Executive Director*

Mr. Ramesh Patidar, *Executive Director*

Mr. Navin S Patwa, *Additional Director*

Mr. S. S. Raghuwanshi, *Independent Director*

Mr. Raj Kumar Jain, *Independent Director*

Ms. Poonam Garg, *Nominee Director*

### Company Secretary

Mr. Manoj Maheshwari

### Auditors

M/s. Vinay Gandhi & Associates

105, Man Heritage

6/2 South Tukoganj

Near High Court, Indore – 452001

### Registered office and works

Plot No. 401, 402 and 413 Sector III

Industrial Area Pithampur - 454775, Dist. Dhar (MP)

### Financial institutions

State Bank of India

Standard Chartered Bank

Axis Bank

### Registrar and share transfer agent

M/s Adroit Corporate Services Pvt. Ltd

19, Jafarbhoy Industrial Estate, 1st floor

Makwana Road, Marol Naka

Andheri (E) Mumbai

ISIN (Demat) no.: INE 908D01010

BSE scrip code: 531431

Ph.: (022) 28594060, 28596060

Fax: (022) 28503748

Email: pratapp@adroitcorporate.com

Development which has no regard for whom or what it harms is not development. It is the opposite of progress, damaging the Earth's capacity to support us and the rest of its living systems

- George Monbiot

# Letter to shareholders

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*Dear Member,*

You are cordially invited to attend the Seventeenth Annual General Meeting of the members to be held on Friday, 28th September, 2012 at 10.00 A.M. IST at the Registered Office of the Company at 401, 402 & 413, Sector-III, Industrial Area, Pithampur - 454775, Dist.-Dhar (M.P.) India.

The Notice for the meeting, containing the business to be transacted, is enclosed herewith.

Very truly yours,

**Dinesh Patidar**

*Chairman and Managing Director*

## Notice

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Notice is hereby given that the Seventeenth Annual General Meeting of the members of Shakti Pumps (India) Limited will be held on 28th September, 2012 at 10.00 A.M. at the Registered Office of the Company, Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur-454775, Dist. Dhar (M.P.) to transact the following business:

### As 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 along with the report of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To elect Director in place of Mr. Rajkumar Jain who retires by rotations and being eligible offer himself for re-appointment.
4. To elect Director in place of Mr. S.S. Raghuvansi who retires by rotations and being eligible offer 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 of the Company and to fix their remuneration.

By Order of Board  
For Shakti Pumps (India) Limited

Place: Pithampur  
Date: 8th August, 2012

Manoj Maheshwari  
Company Secretary

### As Special Business

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution: -

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Navin S. Patwa, an additional Director of the Company who holds office up to the date of this Annual General Meeting, as per provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution: -

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Ms Poonam Garg, a Nominee Director as IFCI Venture's nominee under Green India Venture Fund (GIVF) of the Company who holds office up to the date of this Annual General Meeting, as per provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."



## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM NO.6

Mr. Navin S Patwa is a Bachelor of Science, a Law Graduate and an Associate Member of Institute of Company Secretaries of India.

The Board of Directors of the Company has appointed Mr. Navin S. Patwa as an additional Director as per the Articles of Association of the Company w. e. f. 18th January 2012, and as such, he holds office up to the date of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the candidature of Mr. Navin S. Patwa, for appointment as Independent Director in this behalf.

The Board is of the opinion that his induction will strengthen the functioning of the Company.

The Directors recommend the resolution as set out no.6 (as an Ordinary Resolution) of the Notice for approval of the Shareholders.

None of the Directors, except Mr. Navin S. Patwa are concerned or interested in the above Resolution.

#### ITEM NO. 7

Ms. Poonam Garg, is a Bachelor of Commerce, Diploma in Pharmacy and an Associate Member of Institute of Cost and Work Accountant of India.

Ms. Poonam Garg has Wide spread knowledge and skilled with a verified ability in private equity \ venture capital arena executing functionalities in due-diligence of projects, valuation, post-investment monitoring, investment management and business development. Handling changes & challenging assignments equipped with a precise knowledge of capital investment market holding an enormous experience of 15 years to identify opportunities resulting into an enhancement of portfolio valuation to yield improved business results through investment. Develop & execute contingency plans and restructuring of finances grasping innovative industrial concepts for efficiency in the operational process. Liaison skills in communicating with investors, management, personnel, associates providing on time service delivery

and resolving of issues with a consistent record of forging strong relationships. Dynamic in multiple team management \ client interaction, understand existing environment & take up initiatives in providing solutions ensuring cost effective operations & guide the teams. Expertise in project management by providing customized, viable and cost effective solutions in liaison with cross-functional activities with quality standards for obtaining optimal investment returns.

Ms Poonam Garg was appointed as a Nominee Director of the Company on 18th January, 2012, by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, they hold office as Director only up to the date of the ensuing General Meeting. As required by Section 257 of the Act, a notice has been received from some members signifying his intention to propose his appointment as a Director. The Board considers it desirable that the Company should continue to avail itself of their services.

Ms. Poonam Garg will be entitled to all rights and privileges enjoyed by other Independent Directors of the Company including the payment of sitting fees and travelling expenses as admissible under the Articles of Association.

The Directors recommend the resolution as set out no.7 (as an Ordinary Resolution) of the Notice for approval of the Shareholders.

None of the Directors, except Ms. Poonam Garg are concerned or interested in the above Resolution.

By Order of Board  
For Shakti Pumps (India) Limited

Place: Pithampur  
Date: 8th August, 2012

Manoj Maheshwari  
Company Secretary

#### Notes

1. A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of this meeting.

2. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday 22nd September, 2012 to Friday, 28th September, 2012 (both days inclusive).
3. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
4. Members are requested to bring their copies of the Annual Report with them, since separate copies will not be distributed at the venue of the Annual General Meeting.
5. Members/proxies should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
6. All documents relevant to the business to be transacted at this meeting will be available for inspection at the Registered Office of the Company during office hours on all the working days up to the date of Annual General Meeting.
7. Members who hold shares in electronic form are

requested to bring their Depository ID number and client ID number to facilitate easier identification for attendance at the Annual General Meeting.

8. Since the securities of your Company have come under the compulsory dematerialized as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialized at the earliest.
9. The shareholders are hereby informed that all the correspondence in connection with the shares be addressed to the Registrar & Share Transfer Agent M/s Adroit Corporate Services Pvt. Ltd., 19, Jafarbhoy, Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri(E), Mumbai-400 059; Ph. No. - (022) 28594060, 28596060; Fax No. - (022) 28503748; Email - pratapp@adroitcorporate.com.

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Directors	Mr. Rajkumar Jain	Mr. S.S. Raghuwansi
Date of Birth	21st July,1965	21st December,1935
Expertise in specific functional areas	Information Technology	Completed major water supply projects-Indore, Ujjain, Gwalior and Jabalpur
Date of appointment	17th October,2006	1st September,2005
Qualification	M.B.A, M.C.A.	B.E. (Hons.) Civil Engineering
List of outside Directorship held	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Member of Audit Committee and Remuneration Committee	Member of Audit Committee and Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	Nil	Nil

By Order of Board  
For Shakti Pumps (India) Limited

Manoj Maheshwari  
Company Secretary

Place: Pithampur  
Date: 8th August, 2012



# Report of The Board of Directors

For the year ended 31st March, 2012

Dear Members,

Your Directors have pleasure in pursuing their 17th Annual Report along with the audited accounts of the Company for the year ended 31st March, 2012.

## 1. Financial Review

Financial Results	2010-11	2011-12
Gross Turnover	13493.23	19305.81
Operating profit	2557.51	3195.36
Interest and other financial charges (Net)	607.87	929.04
Depreciation and amortisation	299.24	405.15
Provision for taxation	318.81	4.43
Net Profit After Tax	1331.59	1417.45
Profit Available for Appropriation	1331.59	1417.45
Appropriations		
Proposed dividend on equity shares	140.43	140.43
Tax on proposed dividend	23.32	22.78
General reserve (after necessary appropriation)	1158.77	1237.21

## 2. Dividend

Your Directors recommend for approval of the members a final dividend of 10% (Re.1/-per share) for the financial year 2011-12. The final dividend, if approved by the members would invoke a cash outflow of ₹ 16322047/- including dividend tax.

## 3. Operating Result and business

Overall 2011-12 has been a satisfying year. During the year, your Company has registered a turnover ₹ 19,305.81 lakhs as compared ₹ 13493.23 lakhs showing an increase of 43% over the previous year turnover. The revenues generated from exports increased from ₹ 7589.26 lakhs to ₹ 11125.61 lakhs showing an increase of 46.59% over the previous year.

The Company earned operating profit of ₹ 3195.36 lakhs as against ₹ 2557.51 lakhs in the previous year, showing a growth of 24.94%.

## 4. Future Outlook

The Company expects to generate 35% annual revenue growth around 9% net margin leading to a turnover of ₹ 500 cr by 2015, strengthening our investable surplus.

The Company leveraged its rich product understanding to expand to the manufacture of alternative pumps with diverse applications. Some of the upcoming products are as like:

### 1. SHAKTI BOOSTER MODEL

Applications-

- Seal-less pumps
- Pumps capable of coping with high system pressures
- High heads
- Quiet operation
- Minimum maintenance
- Water treatment capabilities such as:
  - Reverse osmosis in domestic water supply systems
  - Utilisable in hospitals, laboratories as well as chemical, electronics and metal industries

- ultra-filtration in chemical and galvanic industries
- Utilisable in painting workshops, metal and mineral industries
- Liquid transfer
- Pressure boosting
- Closed circulation systems with a high static pressure

### 2. CRP PUMPS

Application:-

- Domestic Water Supply
- Over-head tanks
- Home pressure boosting
- Construction Sites
- Gardens/Fountains

### 3. HYDRO PRESSURE BOOSTING PUMPS

Application:-

- Pressure boosting of clear water in high-rise apartments,
- Commercial buildings and row houses in housing projects
- Pressurised water supply in hotels, hospitals and hostels
- Sprinkler irrigation of golf courses, sports fields and large farms

### 4. SMTR (Immersable Pump)

Application:-

- Suitable for liquid transfer in
- CNC Machines for coolant
- Spark machine tools
- Grinding machines
- Machining centres
- Cooling units
- Industrial washing machines
- Filtering systems
- Lathes
- Swarf conveyors

## 5. Directors

Mr. Rajkumar Jain retires by rotation and being eligible, offer himself for reappointment.

Mr. S.S. Raghuvansi retires by rotation and being eligible, offers himself for reappointment.



Mr. Navin Patwa appointed as Additional Director

Ms. Poonam Garg appointed as Nominee Director

Mr. Lalit Garg resigned as Independent Director

Mr. P.L. Nene resigned as Independent Director

Mr. S.P. Arora withdrawal as Nominee Director

## 6. Directors' Responsibility Statement

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that

1. That in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanations relating to material departures.
2. That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for 2011-12.
3. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities.
4. That the Directors prepared the annual accounts on a 'going concern' basis.

## 7. Fixed Deposits

The Company did not accept any public deposit and, as such, no amount on account or principal or interest on public deposits was outstanding as on the date of the balance sheet.

## 8. Particulars of employees

No employee was in receipt of remuneration exceeding the limits laid down under Section 217 (2A) of the Companies Act, 1956.

## 9. Insurance

All insurable interests of the Company including inventory, building, plant and machinery and others are adequately insured.

## 10. Auditors

The Auditors M/s Vinay Gandhi & Associates, Chartered Accountants, Indore shall cease to hold office at the end of the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

## 11. Corporate Governance Report and Management Discussion and Analysis Statement.

A report on Corporate Governance is attached to this Report as also a Management Discussion and Analysis Statement.

## 12. Cost Audit

The Company has appointed M/s Mihir Turkhia & Associate, cost accountants, as the cost auditors of the Company for the year 2011-12.

## 13. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 217(1) (e) of the Act, read with the Companies (Disclosure of Particulars in the Annexure to this Report)

## 14. Acknowledgement

The Directors thank the Company's customers, vendors, investors, business associates, banker's, academic institutions for their support to the Company.

The Directors also thank Government of India, the governments of various countries, the concerned State Governments, governmental departments and agencies for their cooperation.

The Directors appreciate and value the contribution made by every member of the SHAKTI family across the world.

For and on behalf  
of the Board of Directors

Place: Pithampur  
Date: 8th August, 2012

Dinesh Patidar  
Chairman and  
Managing Director



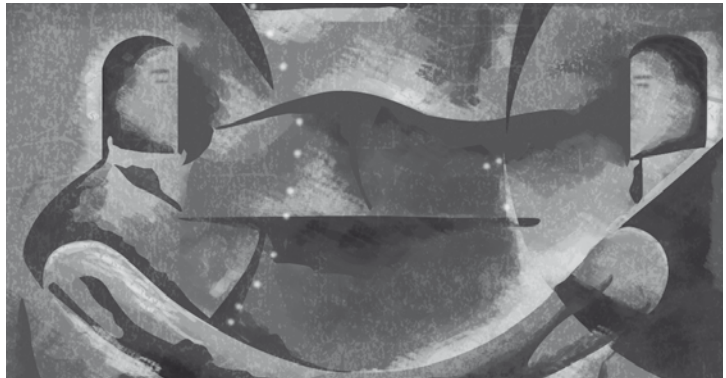
## A. Research and Development

1. Specific areas in which R & D were carried out by the Company.	The in-house research and development activities resulted in the creation of new products of the Company during the previous year. This also helps in improvement in existing models.
2. Benefits derived as a result	Better market coverage and new market development, cost reduction and energy saving.
3. Future plan on R & D	To develop new models and products.

## B. Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption	Technology developed by R & D department is fully absorbed for development in the existing product and new models.
2. Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development and import substitution, among others.	Increased efficiency and better performance and wider product range.
(a) Technology imported	Nil.
(b) Year of import	Not applicable.
(c) Has technology been fully absorbed	Not applicable.
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	Not applicable.

# Managements' discussion and analysis report



## (a) Overview

The financial statements have been prepared in compliance with the requirements of Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect a true and fair picture of the Company.

## (b) Industry Structure and Development

The Indian economy is currently the second fastest growing economy in the world. Its growth is exhibited in all vital sectors such as oil and gas, power generation, water handling/sewage treatment, infrastructure development, chemicals, pharmaceuticals, among others. Pumps, valves, and process plant industries are integral to all these sectors and therefore its growth is largely dependent on these sectors.

India has been a traditional producer of pumps with a seven decade history. However, it is only with the recent globalisation that the country is marking and increasing its presence in the world pump market. The Indian pump industry has more than 2,000 manufacturers of pumps with worker strength of over 120,000 producing about 4.5 mn pumps per annum. The market for pumps is estimated to be worth over ₹ 6300 cr and is expected to grow at 15-18 per cent over the medium term.

## (c) Opportunities and Threats

India's economic advancement will present tremendous opportunities to grow for the pump industry. The Company

buoyed by excellent opportunities has a good potential for growth, in both domestic and exports markets and intends to expand its product base. The Company is also planning to enter into new markets to put itself into a pole position in the industry. The Company faces the normal threats, risks and concerns, which are associated with competition from local and overseas manufactures.

## (d) Segment Wise Performance

The Company has only one segment namely pumps and motors.

## (e) Outlook

The Indian economy is strongly on track to grow even higher. The business environment is expected to be growth-oriented. The Company will focus its strength to develop new products in the market which will result in enhancing its margin. The combination of optimisation of resources and stringent control on quality, cost and safety would give an edge to the Company in terms of competitive pricing and quality.

The Company's outlook on overseas markets and domestic markets is positive on account of its strength in technology, cost and power saving.

## (f) Risks and Concerns

Some of the risks that are potentially significant in nature and need careful monitoring are raw material price, availability of power among others. The Company is classified as an agriculture appliances industry, the growth of which is determined by the overall growth of agriculture, availability of inputs and the state of the global economy.

### **(g) Internal Control System and Their Adequacy**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use. The Company's internal controls are supplemented by an extensive programme of internal audit, review by management and documented policies, systems support, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing the annual report and other such documents.

### **(h) Discussion on Financial Performance with Respect to Operational Performance**

#### **Financial performance of the Company**

During the year, the total turnover was ₹ 19305.81 lakhs as compared with ₹ 13493.23 Lakhs (Nine months result) during the previous year.

#### **Resource Allocation**

##### **Fixed Assets**

The gross fixed assets as at 31st March, 2012 were at ₹ 8041.11 Lakhs as compared with ₹ 6986.61 lakhs in the previous financial year.

##### **Working Capital**

The net current assets before current maturities of long term debt as at 31st March, 2012 were ₹ 5149.88 lakhs as compared with ₹ 2484.19 lakhs in the previous year.

### **(i) Material Developments in Human Resources/Industrial Relation Front**

The Company believes that human resources enable it to consistently meet customer requirements and deliver

exceptional performances necessary for growth. There is a continuous effort to maintain cordial industrial and employee relations. The Company believes that human resource is its most valuable assets and is thus committed to the welfare of its employees and their families. The Company continuously invests in people through various initiatives which enable the work force to meet the challenges.

### **(j) Disclaimer Statement**

The report on Management Discussion and Analysis deals with the Company's objectives, estimates, expectations and forecasting which may be forward-looking within the meaning of applicable security laws and / or regulations.

The aforesaid statements are based on certain premises and expectations of future events and as such the actual results may however differ materially from those expressed or implied. Government regulations, tax structure, demand-supply conditions, raw material costs and availability, finished goods prices and economic development within India and the countries with which the Company has business relationships will have an important bearing on the statements in the above Report.

The foregoing discussions and analysis only set out the management's perception of the Company's environments, in the coming months, which by their very nature are uncertain and may undergo substantial changes in view of the events taking place later. Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different, even materially. Subject to this management disclaimer, this discussion and analysis should be perused.

# Report on Corporate Governance



## 1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, and fairness, in all its transaction in the widest sense and meet stakeholder aspirations and societal expectations. These practices are categorised through principle-based standards and not just through a framework enforced by regulation. The Company will continue to focus its resources, strengths and strategies to achieve its vision and mission. The Company has adopted a Code of Conduct for its employees. The Company always believes to achieve optimum performance at all levels in adopting good corporate performance.

The Company is in compliances with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to Corporate Governance.

Role of the Company Secretary in overall governance process: The Company Secretary plays a key role in ensuring that the Board procedure are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors for effective decision-making at the meetings. All the Directors of the Company have access to the advice and services of the Company Secretary.

Observance of the secretarial standard issued by the Institute of Company Secretaries of India: The Institute of Company Secretaries of India, one of the premier

professional bodies in India, has issued secretarial standards on important aspects like Board meetings, general meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolution by circulation, affixing of common seal and Board's report. Although these standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

## 2. Board of Directors

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors having rich knowledge and experience in the industry for providing guidance and direction to the Company. The Board of Directors along with its Committees provides leadership and guidance to the management, thereby enhancing stakeholders' value. The Board reviews strategic business plans, budgets, setting up goals and evaluation performance and investment decision.

### Composition of the Board of Directors

The Company's policy to maintain optimum combination of Executive and Non-Executive Directors. As on 31st March, 2012, the Company has seven Directors with an Executive Chairman. Of the seven Directors, three are Independent Director and one is a Nominee Director. All Non-Executive Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

S. N.	Name of Directors	Category of Directorship	No. of Board Meetings		Attendance at last AGM	No. of outside directorship held		No. of outside Committees	
			Held	Attended		Public	Private	Member	Chairman
1	Mr. Dinesh Patidar	Executive	9	9	No	1			
2	Mr. Sunil Patidar	Executive	9	8	Yes	--			
3	Mr. Ramesh Patidar	Executive	9	8	Yes				
4	Mr. Rajkumar Jain	Independent	9	8	No		2		
5	Mr. S.S. Raghuwansi	Independent	9	5	No			1	
6	Ms. Poonam Garg*	Nominee	9	1	No	6	1		
7	Mr. Navin S Patwa**	Additional	9	1	No	2	9		
8	Mr. Lalit Garg***	Independent	9	1	Yes	--	--		
9	Mr. Satpal Kumar Arora****	Nominee	9	1	No	12	1		
10	Mr. P.L. Nene*****	Independent	9	2	No	2	3		

\* Appointed as Nominee Director as IFCI Venture's nominee under Green India Venture Fund (GIVF) with effect from 18th January, 2012 in place of Mr. S.P. Arora.

\*\* Appointed as Additional Director with effect from 18th January, 2012.

\*\*\* Resigned as Independent Director with effect from 18th January, 2012.

\*\*\*\* Withdrawal as Nominee Director as IFCI Venture's nominee under Green India Venture Fund (GIVF) with effect from 18th January, 2012.

\*\*\*\*\* Resigned as Independent Director with effect from 18th January, 2012.

#### Note:

For reckoning the other Directorship-Private Limited companies, Foreign companies and Section 25 companies have been excluded for reckoning the Committee Memberships and Committee Chairmanships-Audit Committee and Shareholders/Investors Grievance Committee alone have been considered.

Regarding disclosure of a pecuniary relationships/ transactions of the Independent Directors vis-à-vis the Company, as per Clause 49(1) (B) of the Listing Agreement, there were no materially significant related party transactions during the year having conflict with the interest of the Company.

#### Board Meetings:

During the financial year, nine Board meetings were held on 7th April, 2011, 18th April, 2011, 20th April, 2011, 30th April 2011, 10th June 2011, 28th July 2011, 30th August 2011, 19th October 2011 and 18th January 2012.

The necessary quorum was present for all the meetings.

Board Committees

Committees of the Board and other related information are provided hereunder:

#### Composition of Board level Committees

##### A. Audit Committee

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.
- (ii) The terms of references of the Audit Committee are broadly as under:
  - Review of the Company's financial progress and its financial statements.
  - Compliances with accounting standards and changes in accounting policies and practices.
  - Quarterly result of the Company.
  - Discussing and nature and scope of internal audit and internal controls.
  - Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
  - Review of the audit report of external auditors.
  - Review of risk management policies and practices.
  - Recommend appointment of statutory auditors.
  - Other matters as set out in the listing agreement.



(iii) The composition, meetings and attendance of the Audit Committee. The dates of the meetings are 30th April 2011, 28th July 2011, 19th October 2011 and 18th January 2012.

S. N.	Name	Category	Number of meetings during the year 2011-2012	
			Held	Attended
1	Mr. Lalit Garg*	Independent, Non-Executive	4	1
2	Mr. S.S. Raghuwansi	Independent, Non-Executive	4	3
3	Mr. P.L. Nene**	Independent, Non-Executive	4	3
4	Mr. Dinesh Patidar	Executive	4	3
5	Mr. Rajkumar Jain***	Independent, Non-Executive	4	1
6	Mr. Navin S Patwa****	Additional, Non-Executive	4	1

\* Resigned as chairman of Audit Committee with effect from 18th January, 2012.

\*\* Resigned as member of Audit Committee with effect from 18th January, 2012.

\*\*\* Appointment as member of Audit Committee with effect from 18th January, 2012.

\*\*\*\* Appointment as Chairman of Audit Committee with effect from 18th January, 2012.

#### B. Remuneration Committee

(i) The Company has a Remuneration Committee of Directors.

(ii) The broad terms of references of the Remuneration Committee are as under:

- To approve the annual remuneration plan of the Company;

- To approve the remuneration and commission/incentive payable to the Managing Director/ Executive Director for each financial year;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

(iii) The composition, Meeting and Attendance of the Remuneration Committee

Name	Category	Numbers of meetings during the year 2011-12	
		Held	Attended
Mr. S.S. Raghuwansi	Independent Director	1	1
Mr. Lalit Garg*	Independent Director	1	Nil
Mr. P.L. Nene**	Independent Director	1	Nil
Mr. Rajkumar Jain***	Independent Director	1	1
Mr. Navin S Patwa****	Additional Director	1	1

\* Resigned as member of Committee with effect from 18th January, 2012.

\*\* Resigned as member of Committee with effect from 18th January, 2012.

\*\*\* Appointment as member of Committee with effect from 18th January, 2012.

\*\*\*\* Appointment as member of Committee with effect from 18th January, 2012.

(iv) One meeting of the Remuneration Committee was held during the year on 18th January, 2012.

(v) The Company does not have any Employee Stock Option Scheme.

(vi) Details of Remuneration for the year ended 31st March, 2012

(In Rupees)

Name	Category	Salary including employer's contribution to provident fund	perquisites	Sitting fees
Mr. Dinesh Patidar	Executive	38,15,836	Nil	Nil
Mr. Sunil Patidar	Executive	12,40,836	52,667	Nil
Mr. Ramesh Patidar	Executive	13,40,836	71,140	Nil
Mr. Lalit Garg	Independent	Nil	Nil	10,000
Mr. S.S. Raghuwansi	Independent	Nil	Nil	90,000
Mr. Rajkumar Jain	Independent	Nil	Nil	Nil
Mr. P.L. Nene	Independent	Nil	Nil	30,000
Mr. S.P. Arora	Nominee Director	Nil	Nil	20,000
Ms. Poonam Garg	Nominee Director	Nil	Nil	20,000
Mr. Navin S Patwa	Additional	Nil	Nil	20,000

### C. Shareholders/Investors Grievance Committee

- (i) The Company has a Shareholders/Investors Grievance Committee to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/ annual reports, among others.
- (ii) One meeting of the Shareholders/Investors Grievance Committee was held during the year on 11th January, 2012.
- (iii) The composition of the Shareholders/Investors

Grievance Committee and the details of meetings attended by its members are given below:

Name	Number of meetings during the year 2011-2012	
	Held	Attended
Mr. Sunil Patidar	1	1
Mr. Vimal Patni	1	Nil
Mr. B.R. Patidar	1	1
Mr. Suryapal Yadav	1	1

### General body meeting

- The last three Annual General Meeting and Extra-Ordinary General Meeting

Year	AGM/EGM	Date of AGM/EGM	Time	Venue
2009	AGM	24th December, 2009	11.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)
2010	AGM	21st December, 2010	9.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)
2011	AGM	30th September, 2011	10.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)
2011	EGM	8th April, 2011	11.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)
2011	EGM	12th July, 2011	11.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)
2011	EGM	30th November, 2011	10.00 A.M.	Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)

All the resolutions set out in the respective notices were passed by the shareholders.



- Postal ballot- no resolution requiring postal ballot as recommended under Clause 49 of the Listing Agreement was placed for shareholders approval at the meeting.

### 3. Disclosures

- The Company does not have any related party transactions, which may have potential conflict with the interests of the Company.
- The Company has followed the guidelines of accounting standards issued by the Institute of Chartered Accountants of India in preparation of its financial statements.
- The Company laid down risk assessment and minimisation procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control system to identify the risk at appropriate time and to ensure that the executive management controls the risk in properly defined framework.
- The Company has no material unlisted Indian subsidiary Company as defined in the Clause 49 of the Listing Agreement.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures were imposed against it during last three years.
- Reconciliation of share capital audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### 4. Follow-up measures against insider trading

The Company properly advised and cautioned the management, staff and other relevant business

associates on the procedure to be followed while dealing with the securities of the Company in the light the SEBI (Insider Trading Amendment Regulation, 2002. the Code of conduct and corporate disclosure practices framed by the Company will held in ensuring compliances of the amended regulations.

### 5. Means of Communications

- Quarterly Results: The quarterly, financial results of the Company are published in regional newspapers and are displayed on the Company's website [www.shaktipumps.com](http://www.shaktipumps.com).
- News Releases, Presentations, among others: Official news releases and official media releases are sent to the stock exchanges.
- Website: the Company's website [www.shaktipumps.com](http://www.shaktipumps.com) contains a separate dedicated section 'Financial' where shareholders information is available. The Annual Report is also available on the website in a user-friendly and downloadable form.
- Annual Report: Annual Report containing inter alia, audited annual accounts, consolidated financial statements, directors report, auditors' report and other important information is circulated to members and others entitled thereto.

### 6. General Shareholders Information

- **Annual General Meeting to be held (Day, date, time and venue)**

Day : Friday  
 Date : 28th September, 2012  
 Time : 10.00 A.M  
 Venue : Plot No. 401,402 & 413,  
 Sector-III, Industrial Area,  
 Pithampur, Dist.-Dhar (M.P.)

- **Financial calendar 2011-12**

Year ending : 31st March, 2012  
 AGM in : September  
 Dividend Payment : The final dividend if declared, shall be paid/credited on or after 1st October, 2012.



- Book Closure Date  
22nd September, 2012 to 28th September, 2012 (both days inclusive) on account of AGM and declaration of dividend.
- Listing on the Stock Exchanges:
  - (i) Bombay Stock Exchange Limited,  
Floor 25, P.J. Towers, Dalal Street,  
Mumbai-400001
  - (ii) Madhya Pradesh Stock Exchange Limited  
201, 'Palika Plaza', phase-II, M.T.H. Compound,  
Indore-452001
- Trading on the Stock Exchange:  
National Stock Exchange of India Ltd.,  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051.
- Stock Code:
  - (i) Bombay Stock Exchange Limited- 531431
  - (ii) National Stock Exchange of India Ltd.- SHAKTIPUMP
- Corporate Identification Number (CIN) : L29120MP1995PLC009327
- Stock Market data: The month-wise highest and lowest and total turnover during the last financial year was as follows

#### Bombay Stock Exchange Limited

Month	Highest	Lowest	Total turnover (In ₹)
Apr 11	146.85	*66.00	11,33,35,289
May 11	68.00	50.15	2,27,30,222
Jun 11	64.30	49.25	4,84,39,596
Jul 11	54.20	46.10	80,40,333
Aug 11	55.25	37.00	2,43,74,396
Sep 11	53.30	39.75	1,02,73,369
Oct 11	45.10	34.80	2,12,34,399
Nov 11	44.75	32.85	65,58,542
Dec 11	46.25	29.75	1,07,74,033
Jan 12	57.35	44.30	3,61,67,244
Feb 12	55.70	45.20	1,50,09,756
Mar 12	51.00	42.70	58,76,254

\*Price from April 29, 2011 is Ex-Bonus.

#### National Stock Exchange of India Ltd

Month	Highest	Lowest	Total turnover (In ₹)
Oct, 11*	47.36	41.43	5347000
Nov, 11	40.56	37.68	8748000
Dec, 11	37.12	34.51	5085000
Jan, 12	53.40	49.21	19084000
Feb, 12	53.88	50.54	7575000
March, 12	48.66	44.83	3917000

\*Traded from 25th October, 2011

- Registrar and transfer agent:  
Adroit Corporate Services Pvt.Ltd.  
17-20, Jafferbhoy Ind. Estate,  
1st Floor, Makhwana Road,  
Marol Naka, Andheri (E), Mumbai 400059, India.  
Ph. No. - (022) 28594060, 28596060  
Fax No. - (022) 28503748  
Email - pratapp@adroitcorporate.com



- **Share transfer system**

Share transfer are registered and returned within a period of 15 days from the date of receipt provided the documents are correct and valid in all respects.

- Shareholding as on 31st March, 2012:

**(a) Distribution of shareholding as on 31st March, 2012**

Range of equity shares held	No. of Shareholders	%	Number of Shares	Face value per equity shares (in ₹)	% of shareholding
Up to-00500	3918	79.67	633130	6331300	4.51
00501-01,000	471	9.58	383445	3834450	2.73
01,001-02,000	260	5.29	419320	4193200	2.99
02,001-03,000	73	1.48	187026	1870260	1.33
03,001-04,000	51	1.04	187624	1876240	1.34
04,001-05,000	23	0.47	106111	1061110	0.76
05,001-10,000	68	1.38	479160	4791600	3.41
10,000 and Above	54	1.10	11647977	116479770	82.94
Total	4918	100.00	14043793	140437930	100

**(b) Categories of shareholding as on 31st March, 2012**

S.N.	Category	Number of shares held	% of shareholding
1	Resident individuals	2780843	19.80
2	Non Resident Indians (Individuals)	81325	0.58
3	Corporate bodies	2718422	19.36
4	Directors (Promoter)	5071688	36.11
5	Directors relatives (Promoter)	1766000	12.58
6	Financial institutions	1597993	11.38
7	Clearing member	7562	0.05
8	Corporate body broker	19960	0.14
	Total	14043793	100.00

## 11. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 98.38% of the Company's

equity share capital are dematerialised as on 31st march, 2012.

The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, in dematerialised form.

## COMPLIANCE CERTIFICATE OF THE AUDITORS

The Company has obtained a Certificate from the Statutory Auditors confirming compliance of Condition of the Code of Corporate Governance as stipulated in Clause 49 and the same is annexed.

## DECLARATION-CODE OF CONDUCT

As per Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and senior management personnel have affirmed compliance with the applicable Code of Conduct.

Date: 8th August, 2012

Place: Pithampur

Dinesh Patidar  
Chairman cum Managing Director

## COMPLIANCE CERTIFICATE

TO THE MEMBERS OF  
SHAKTI PUMPS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by SHAKTI PUMPS (INDIA) LIMITED ('the Company'), for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Vinay Gandhi & Associates  
Chartered Accountants  
FRN: 014442C

Place: Indore

Date: 8th August, 2012

Vinay Gandhi  
(Proprietor)  
M. No. 75972

# AUDITORS' REPORT

TO THE MEMBERS OF,  
SHAKTI PUMPS (INDIA) LTD.

1. We have audited the attached Balance Sheet of M/S. SHAKTI PUMPS (INDIA) LIMITED (the company) as on 31st March 2012, the statement of Profit & Loss and the Cash Flow Statement of the company for the year ended on that date annexed there to. 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 accessing 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the act), we give in the annexure hereto 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:
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of the books.
  - c) The Balance Sheet and Profit & Loss Account and Cash Flow statement dealt by with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, 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 the Section 211 of the Act.
  - e) On the basis of written representation received from the directors of the company, 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 March 31, 2012 from being appointed as a director in terms clause (g) of sub section (1) of section 274 of the Act.
5. In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the significant accounting policies and notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of Balance Sheet of the state of affairs of the company as at 31st March, 2012 ;
  - ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date and
  - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Vinay Gandhi & Associates  
Chartered Accountants  
FRN: 014442C

Vinay Gandhi  
(Proprietor)  
(M No. 75972)

Place : Indore  
Date : 08.08.2012

## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in Para 3 of our report of even date]

### 1. In respect of its fixed Assets

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets in respect of all its locations on the basis of available information.
- b) As explained to us, all the fixed Assets have been physically verified during the year by the management in accordance with a regular programme of verification of the fixed assets at reasonable intervals which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
- c) In our opinion and according to the information and explanation given to us, any substantial part of fixed assets has not been disposed of by the company during the year.

### 2. In respect of its inventories

- a) The inventory (excluding stocks with third parties) has been physically verified by the management

during the year at reasonable interval. 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) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the act:
- a) The company has granted loan to one party covered in the register maintained under section 301 of the Act as follows:

Name of the Party	Max. Amount Outstanding During The Year	Balance as on 31.03.2012
Vintex Tools Pvt. Ltd	₹ 78,58,567/-	₹ 78,58,567/-

- b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms & conditions of loan given by the Company, are not prima facie prejudicial to the interest of the company.
- c) The Principal amount are repayable over a period of one to three years, while the interest is payable annually at the discretion of the company.
- d) In respect of the said loans and interest thereon, there are no overdue amounts.
- (e) The company has not taken any loans, secured or unsecured from companies, firms or other Parties covered in the register maintained section 301 of

the Act. Accordingly, clauses (iii) (f) and (iii) (g) of the paragraph 4 of the order are not applicable to the company for the current year.

4. In our opinion and according to the information and explanation given to us, there is an adequate Internal Control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to



correct major weaknesses in the aforesaid internal control system.

5. In respect of the contracts or arrangements referred to in section 301 of the act:
  - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements or transactions referred to in section 301 of the Act, have been entered in the register required to be maintained under section 301 of the Act.
  - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at price which are prima facie reasonable, having regard to prevailing market price at the relevant time where such market prices are available.
6. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public during the year. Therefore, the provisions of clause (vi) of paragraph 4 of the order is not applicable to the company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section clause (d) of sub section (1) of section 209 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, Income Tax, Sales Tax, wealth tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities in India.
  - b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, custom duty and cess which have not been deposited on account of any dispute. The particular of dues of excise duty as at 31st March 2012 which have not been deposited on account of a dispute, are as follows.

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty	22,60,000	2005-06	Appellate Tribunal, New Delhi
		22,60,000	2005-06	
		2,50,000	2005-06	

10. The company does not have accumulated losses as at March 31, 2012. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
12. In our opinion and based on the information available, no loans and advances has been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of clause (xiii) of paragraph 4 of the order relating to chit fund/ nidhi/mutual benefit fund/ society are not applicable to the company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanation given to us, there are no funds raised on short- term basis which have been used for long term investment.
18. 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 during the year.
19. The company has issued Optionally Convertible debentures amounting to ₹ 97498400/- during the year. The company has not created securities/ charges in respect of aforesaid OCDs. Those OCD's are secured by way of pledge of 2400000 Equity Shares of Directors.
20. The company has not raised any money by way of public issues during the year except private placement of 1597993 equity shares of face value ₹ 10/- each to Green India Venture Fund.
21. 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, no material instance of fraud on or by the company noticed or reported during the year.

For Vinay Gandhi & Associates  
 Chartered Accountants  
 FRN: 014442C

Vinay Gandhi  
 [Proprietor]  
 [M No. 75972]

Place: Indore  
 Date : 08/08/2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

(Amount in ₹)

Particulars	Note No.	AS AT 31st MARCH 2012	AS AT 31st MARCH 2011
1	2	3	4
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' Funds			
Share Capital	1	140437930	62229000
Reserves and Surplus	2	696492987	560976292
Money Received Against Share Warrants		36050000	31650000
		872980917	654855292
2 Non-Current Liabilities			
Long-Term Borrowings	3	313843941	52171350
Deferred Tax Liability (Net)	4	34598735	28726738
		348442676	80898088
3 Current Liabilities			
Short-Term Borrowings	5	513169471	613703089
Trade Payables	6	147450655	128333942
Other Current Liabilities	7	125978275	203341649
Short-Term Provisions	8	81972353	64670714
		868570754	1010049394
<b>TOTAL</b>		<b>2089994347</b>	<b>1745802774</b>
<b>II. ASSETS</b>			
1 Non-current assets			
Fixed Assets			
(i) Tangible Assets	9	524715197	479987547
(ii) Capital Work-In-Progress		65930944	44244826
Non-Current Investments	10	10717299	5850005
Long-Term Loans and Advances	11	114818207	87359883
Other Non-Current Assets	12	47914976	14266896
		764096623	631709156.5
2 Current assets			
Inventories	13	717563725	628837128
Trade Receivables	14	429031318	389049097
Cash and Bank Balances	15	89288588	26193423
Short-Term Loans and Advances	16	90014093	70013969
		1325897724	1114093617
<b>TOTAL</b>		<b>2089994347</b>	<b>1745802774</b>
Significant Accounting Policies Notes on Financial Statements	1 to 28		

As per our Report of even date

For Vinay Gandhi & Associates  
Chartered Accountants  
FRN : 014442C  
Vinay Gandhi  
(Proprietor)  
(M.No.75972)  
Place : Indore  
Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012**

(Amount in ₹)

Particulars	Note No.	AS AT 31st MARCH 2012	AS AT 31st MARCH 2011
1	2	3	4
<b>I INCOME</b>			
Revenue From Operations			
Sales of Products	17	1950506916	1363671613
Less: Exice Duty		(19925578)	(14348191)
Net Sales		1930581338	1349323422
Other Income	18	10373237	9114052
<b>Total Revenue</b>		<b>1940954575</b>	<b>1358437474</b>
<b>II EXPENDITURE</b>			
Cost of Materials Consumed	19	1011452983	808576985
Changes in Inventories of Finished Goods, Stock-in-Progress and Stock-in-Trade	20	(46749586)	(76812660)
Employee Benefits Expense	21	147053515	82815124
Finance Costs	22	92904024	60786831
Depreciation and Amortization Expense	9	40515073	29924270
Other Expenses	23	509661259	340282567
<b>Total Expenses</b>		<b>1754837268</b>	<b>1245573117</b>
III Profit Before Extraordinary Item, Prior Period item and tax		186117307	112864357
IV Prior Period Item		-	-
V Profit Before Extraordinary Item & Tax		186117307	112864357
VI Extraordinary Item		-	53198048
VII Profit Before Tax		186117307	166062405
VIII Tax expense:			
Current Tax		38500000	32129977
Deffered Tax		5871997	1497819
Mat Credit Availed		-	(1951336)
<b>IX Profit After Tax For The Year</b>		<b>141745310</b>	<b>134385945</b>
X Earning per equity share of Face Value of ₹ 10/- Each	24		
Before Extraordinary Item (Net of Tax)			
Basic & Diluted		10.35	20.93
Adjusted for Previous Year		-	7.85
After Extraordinary Item (Net of Tax)			
Basic & Diluted		10.35	28.79
Adjusted for Previous Year		-	10.80
Significant Accounting Policies			
Notes to the Financial Statements	1to28		

As per our Report of even date

For Vinay Gandhi &amp; Associates

Chartered Accountants

FRN : 014442C

Vinay Gandhi  
(Proprietor)  
(M.No.75972)

Place : Indore

Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)Dinesh Patidar  
(Managing Director)Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board

## CASH FLOW STATEMENT FOR THE YEAR 2011-12

(Amount in ₹ lakhs)

Particulars	2011-12	2010-11
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit After Tax As Per Profit & Loss Account	1417	1344
Adjusted For :		
Depreciation Exp.	405	299
Mics.Exp. Written off.	47	59
Interest Income	(71)	(13)
Interest Paid	800	608
Loss on Sale of Fixed Assets	4	-
Profit on Sale of Fixed Assets	-	(4)
Deffered Expenditure Not Included Above	(336)	(59)
Mat Credit	-	(20)
Deffered Tax	59	15
	908	885
Operating Profit Before Working Capital Changes	2325	2229
Adjusted For :		
Increase in Trade & Other Recivables	(400)	(930)
Increase in Inventories	(887)	(907)
Increase in Trade Payables	191	164
Increase in Other Current Liabilities	267	150
	(829)	(1523)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>1496</b>	<b>706</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1110)	(309)
Sale of Fixed Assets	55	-
Purchase of Investments	(49)	(7)
Sale of Investments	-	-
Interest Received	71	13
Deposits	(391)	(26)
Movement in Loan & Advances	(558)	(51)
<b>Net Cash Used in Investing Activities (B)</b>	<b>(1980)</b>	<b>(380)</b>

## CASH FLOW STATEMENT FOR THE YEAR 2011-12

(Amount in ₹ lakhs)

Particulars	2011-12	2010-11
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Share Capital	900	-
Proceeds From Long Term Borrowings	2218	289
Repayment of Long Term Borrowings	(1444)	-
Short Term Borrowings (NET)	(1005)	(150)
Dividend Paid (Inc. DDT)	(164)	(140)
Interest on Term Loans & Others Paid	(800)	(608)
Money Received Against Share Warrants	44	317
Proceeds From Optionally Convertible Debentures	975	-
<b>Net Cash from Financing Activities (C)</b>	<b>724</b>	<b>(292)</b>
Net Change in Cash & Cash Equivalents (A+B+C)	240	34
Cash & Cash Equivalents as at 1st April 2011	49	15
Cash & Cash Equivalents as at 31st March 2012	289	49
Note : 1. Figures in Brackets represent Cash Outflow		
2. Previous Year Figures Regrouped wherever necessary		

As per our Report of even date

For Vinay Gandhi & Associates  
Chartered Accountants

FRN : 014442C

Vinay Gandhi  
(Proprietor)  
(M.No.75972)

Place : Indore

Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board



## SIGNIFICANT ACCOUNTING POLICIES & NOTES

### A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on the basis of going concern assumption in accordance with the applicable accounting standard in India and the provisions of the Companies Act, 1956.

### B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

### C. Fixed Assets

Fixed Assets are stated at cost net recoverable taxes including any cost attributable for bringing the assets to its working condition for its intended use less accumulated depreciation.

### D. Depreciation

Depreciation has been charged on fixed assets on straight-line basis from the month of addition and to the month of sale at the rates specified in schedule XIV of the Companies Act, 1956. 100% depreciation has been charged on assets valued up to 5000/- per item

### E. Foreign Currency Transaction

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of transaction.
- (b) Monetary items denominated in foreign currencies at the yearend are restated at the yearend rates.
- (c) Non Monetary foreign currencies Items are carried at cost.
- (d) Any income or expense on account of exchange differences either on settlement or on translation

is recognized in the profit & loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### F. Investments

Current Investments are carried at lower of cost and fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

### G. Inventories

Item of Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. The cost of work in progress and finished goods is determined on absorption cost price.

### H. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue on sale of goods is recognized on passes of title to customers, sales are excluding of VAT/Sales tax, Excise duty and adjustment for rate difference and discount. Export sale are accounted for on the basis of dates of bill of lading.

### I. Excise duty/CENVAT

Excise duty is accounted for on the basis of payment made in respect of goods cleared. CENVAT claim on purchase of raw material is reduced from the cost of raw material.

### J. Employee Benefits

- (a) Short Term Employee benefits are recognized as an expense at the undiscounted amount in profit & loss account of the year in which the related service is rendered.
- (b) Defined benefit plans: The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the payment of Gratuity Act or the Company scheme applicable to the employee.

The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

- (c) Defined contribution plans: Company's contribution to Provident Fund, ESIC scheme for the year is charged to Profit and Loss account. Retirement benefit, medical reimbursement and leave payments to employees are accounted for on cash basis.

#### **K. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized at part of such assets. All other borrowing costs are charged to Profit & Loss account.

#### **L. Provision for Current & Deferred Tax**

Provision for current tax is made after taking into account benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "Timing Difference" between taxable incomes & accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date.

#### **M. Provisions, Contingent Liabilities & Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognize but are disclosed in the

notes. Contingent assets are neither recognized nor disclosed.

#### **N. Segment Reporting**

The Company is mainly engaged in the business of manufacturing of Pump & Motors. Considering the nature of business & financial reporting of the Company, the company has only one segment as reportable segment. The Company operates in Local & Export Segments Geographically. The sales for both are separately given, but due to the nature of business the assets/liabilities and expenses for these activities cannot be bifurcated separately.

#### **O. Comparatives**

During the Preceding Year Company had changed its Accounting Year from June to March. The Comparative Figures of Previous year belongs to nine month period ending on 31st March 2011.

#### **P. Optionally Convertible Debentures**

During the year company had issued optionally convertible debenture at the issue price of ₹ 134/- per security. These OCD's are convertible into equity shares within 18 months from the date of subscription i.e. 20.04.2011. In case these OCD's doesn't get converted into equity share it will be redeemed by the company at issue price plus 20% premium compounded annually. The company has intended to redeem the OCD's by the end of July 2012. And the estimated outflow on account of redemption is calculated as follows.

	(Amount in ₹)
OCD Amount	97498400
Premium	26102860
Total	123601260

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

The previous year figures have been regrouped / reclassified , wherever necessary to confirm to the current year presentation.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>1 SHARE CAPITAL</b>				
Authorised Share Capital :				
25000000 Equity Shares of ₹ 10 each (Previous year 9000000 shares of ₹ 10 each)	250000000		90000000	
Issued & Subscribed Capital				
14223993 Equity Shares of ₹ 10 each (Previous year 6403100 shares of ₹ 10 each)	142239930		64031000	
Paid Up Capital				
14043793 Equity Shares of ₹ 10 each (Previous year 6222900 shares of ₹ 10 each)	140437930		62229000	
<b>TOTAL</b>	<b>140437930</b>		<b>62229000</b>	
1.1 Reconciliation of shares outstanding at the beginning and at the end of the year				
Equit Shares				
At the beginning of the year	6222900		6222900	
Issued during the year*	7820893		-	
Outstanding at the end of the year	14043793		6222900	
*6583300 Shares out of Issued, Subscribed & Fully Paid up share capital were allotted as Bonus Shares during the current year by capitalisation of reserves.				
1.2 180200 Shares out of Issued Share are forfeited by the company which has not been reissued.				
1.3 The details of shareholders holding more than 5% Shares :				
Name of the Shareholder	31st March 2012		31st March 2011	
	No. of Shares	% held	No. of Shares	% held
Dinesh Patidar	3521488	25.08	1450350	23.31
Green India Venture Fund	1597993	11.38	-	-
Sunil Patidar	1550200	11.04	755650	12.14
M.L. Securities & Finance Pvt.Ltd	738142	5.26	369071	5.93

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>2 RESERVES &amp; SURPLUS</b>				
Capital Reserve				
As per Last Balance Sheet	2057800		2057800	
		2057800		2057800
Securities Premium Reserve				
As per Last Balance Sheet	163917000		163917000	
Add: Received During the year	77628471		-	
		241545471		163917000
General Reserve				
As per Last Balance Sheet	395001492		279123866	
Add: Transferred from Profit & Loss Account	123721224		115877626	
Less: Bonus Share Issue	(65833000)		-	
		452889716		395001492
Profit & Loss Account				
As Per Last Balance Sheet	-		-	
Add: Profit for the Year	141745310		134385945	
Excess Provision for Income Tax	-		59107	
Less: Appropriations/Adjustments				
Proposed Dividend	(14043793)		(14043793)	
Dividend Tax	(2278254)		(2332498)	
Gratuity Provision for earlier Year	-		(1986988)	
Short Provision for Income Tax 2009-10	(609496)		-	
I.T. Refund Adjusted against Demand	(219320)		-	
Income Tax Related to Earlier Year	(873223)		(204147)	
Transferred to General Reserve	(123721224)		(115877626)	
<b>TOTAL</b>		<b>696492987</b>		<b>560976292</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>3 LONG TERM BORROWINGS</b>				
SECURED				
Debentures		97498400		-
727600 Optionally Convertible Debentures of ₹ 134/- each				
Term Loan				
From Banks - Rupee Loan	17276791		30988791	
From Others	0		0	
		17276791		30988791
External Commercial borrowing				
From Banks				
Foreign Currency Loan	199068750		21182559	
		199068750		21182559
<b>TOTAL</b>		<b>313843941</b>		<b>52171350</b>

3.1 Optionally Convertible Debenture are convertible in equity shares with in 18 months from the date of subscription.i.e. 20.04.2011. In case OCD's does not get converted into equity shares with in 18 months from the date of subscription it will be redeemed by the company at issue price plus 20% premium compounded annually from the date of issue of OCD's. OCD's are secured by way of pledge of 2400000 Shares of Directors.

3.2 Current Maturities of Long Term Debt (See Note 7)

Term Loan

From Banks	36478512	13712000
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From Others	0	42479908
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External Commercial Borrowing	21182559	88183129
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Total	57661071	144375037
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3.3 Borrowings from banks are secured by way of :-

3.3.a First Pari-passu charge by way of hypothication of the company's stock comprising of raw materials, stock in process, finished goods, consumable stores and spares and receivables & other current assets.

3.3.b First Pari-passu charge by way of Equitable Mortgage of the company's Land& Building situate at sector-A, Pithampur Industrial Area and Plot No.F-14 & F-15, SEZ , Phase-I, Sector III, Pithampur and Machinaries installed at Plot No. 401, 402 & 413, Sector III Industrial Area , Pithampur , District -Dhar.

3.3.c Personal Gurantee of Directors

3.4 External Commercial borrowings secured by way of :

3.4.a Second Pari-passu charge by way of Equitable Mortgage of the company's Land & Building situate at Sector- I, Pithampur and Plot No.F-14 & F-15,SEZ, Pithampur and Plot No.401,402 & 413 and Plot.No.400 & 412 A, Industrial Area Sector III Pithampur , District -Dhar. (M.P)

3.4.b First pari-passu charge by way of hypothication of the company's stock comprising of raw materials,stock in process, finished goods, consumable stores and spares and receivables & other current assets.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>4 DEFERRED TAX LIABILITY (Net)</b>				
Deffered Tax Liability		34598735		28726738
Deffered Tax Assets		-		-
<b>TOTAL (NET)</b>		<b>34598735</b>		<b>28726738</b>
<b>5 SHORT TERM BORROWINGS</b>				
SECURED				
Working Capital Loans				
From Banks	243130681		277956943	
Export Packing Credit Limit	267588082		251472690	
Buyers Credit	-		83457876	
Vehical Loan	2450708		815580	
		513169471		613703089
<b>TOTAL</b>		<b>513169471</b>		<b>613703089</b>
5.1 Working Capital loans are secured by First Pari-Passu Charge by hypothecation of present and future stock of raw materials. stock in trade, finished goods, stores&spares, claims and book debts etc.				
5.2 EPC limit is secured by of hypothecation of present and future stock of raw materials, stock in tarde, finished goods, stores & spares, claims and book debts etc..				
5.3 Vehicle Loan are secured by way of hypothecation of respective vehicles.				
<b>6 TRADE PAYABLES</b>				
Sundry Creditors		147450655		128333942
<b>TOTAL</b>		<b>147450655</b>		<b>128333942</b>
<b>7 OTHER CURRENT LIABLITIES</b>				
Current matuarities of Long Term Debt (Refer Note 3)		57661071		144375037
Creditors for Capital Expenditure		10497509		9029800
Creditors for Others		42700500		36727869
Unclaimed Dividend		919220		595602
Advance from Customers		9252491		8469301
Statutory Payable		3331432		3189141
Expenses Payable		1616052		954899
<b>TOTAL</b>		<b>125978275</b>		<b>203341649</b>
<b>8 SHORT TERM PROVISIONS</b>				
Provision for Employee Benefits		27150306		16164446
Others				
Proposed Dividend	14043793		14043793	
Tax on Dividend	2278254		2332498	
Provision for Income Tax	38500000		32129977	
		54822047		48506268
<b>TOTAL</b>		<b>81972353</b>		<b>64670714</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.**

**9 FIXED ASSETS**

S/n	Description	Gross Block			Depreciation			Net Block		
		As on 01.04.2011	Addition	Deletion	Total as on 31-03-2012	For the year	up to 31.03.2011	Deletion	Total	As on 31.03.2012
I	TANGIBLE ASSETS									
1	Computers	12,534,368	2,056,447	32,773	14,558,042	1,568,306	6,547,273	1,219	8,114,360	6,443,682
2	Equipments	9,810,304	1,916,943		11,727,247	682,832	2,507,028		3,189,859	8,537,388
3	Office Buildings	1,328,770	33,861		1,362,631		445,769		445,769	916,862
4	Factory Buildings	78,123,736	336,808		78,460,544	2,612,964	12,887,242		15,500,206	62,960,338
5	Furniture	17,004,555	8,150,031		25,154,586	1,211,315	5,755,320		6,966,634	18,187,951
6	Land	17,838,087			17,838,087	21,660	-		21,660	17,816,427
7	Plant & Machinery	331,110,134	36,233,362	-	367,343,496	16,217,505	58,338,323	38,465	74,517,363	292,826,133
8	Tools	181,877,365	37,047,248	1,736,395	217,188,218	17,660,276	86,610,960	273,315	103,997,921	113,190,297
9	Vehicles	4,789,122	3,535,572	3,777,046	4,547,648	540,215	1,336,979	1,165,665	711,528	3,836,120
	Total	654,416,441	89,310,271	5,546,214	738,180,498	40,515,073	174,428,893	1,478,664	213,465,301	524,715,197
II	Capital W.I.P	44,244,826	21,686,118	-	65,930,944	-	-	-	-	65,930,944
	<b>Total</b>	<b>698,661,267</b>	<b>110,996,389</b>	<b>5,546,214</b>	<b>804,111,442</b>	<b>40,515,073</b>	<b>174,428,893</b>	<b>1,478,664</b>	<b>213,465,301</b>	<b>590,646,141</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>10 NON CURRENT INVESTMENTS</b>				
Non-Trade Investments				
In Equity Shares of Subsidiaries				
Unquoted Fully Paid Up				
1 Shares of Shakti Pumps FZE , Sharjah UAE of AED 150000 each	2206115		-	
65000 Shares of Shakti Pumps USA LLC , USA of USD 1 each	3331941		670762	
		5538056		670762
In Equity shares of Others				
Unquoted Fully Paid Up				
Cosmos Bank	2000		2000	
Others	5177243		5177243	
		5179243		5179243
<b>TOTAL</b>		<b>10717299</b>		<b>5850005</b>
<b>11 LONG TERM LOANS &amp; ADVANCES</b>				
(Unsecured & Considered Good)				
Advance for Capital Goods		64783822		55726072
Loan to Related Parties		7858567		-
Loan to Others		42175818		31633811
<b>TOTAL</b>		<b>114818207</b>		<b>87359883</b>
<b>12 OTHER NON-CURRENT ASSETS</b>				
Miscellaneous Expenditure		47914976		14266896
(to the extent not written off or adjusted)		47914976		14266896
<b>13 INVENTORIES</b>				
Raw Material		310380981		268403970
Work In Progress		222736631		218958601
Finished Goods		184446113		141474557
<b>TOTAL</b>		<b>717563725</b>		<b>628837128</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012	AS AT 31st March 2011
<b>14 TRADE RECEIVABLES</b>		
(Unsecured & Considered good)		
Over Six Months	150517931	157323551
Others	278513387	231725546
<b>TOTAL</b>	<b>429031318</b>	<b>389049097</b>
<b>15 CASH &amp; BANK BALANCES</b>		
Balances with Banks	27244992	4148087
Cash Balance	1664247	754767
Fixed Deposits With Bank	60379349	21290569
<b>TOTAL</b>	<b>89288588</b>	<b>26193423</b>
15.1 Balance with Banks includes Unclaimed Dividend of ₹ 940445/- (Previous year ₹ 616827/-)		
<b>16 SHORT TERM LOAN &amp; ADVANCES</b>		
Balances With Statutory authorities	22606600	24741750
Advance Income Tax	20000000	15500000
Advance for Salary & tour	10666829	3881282
Prepaid Expenses	2265033	1937312
Deposits	7166997	6455542
Other Short Term Loan & Advances	27308634	17498083
<b>TOTAL</b>	<b>90014093</b>	<b>7001396</b>
<b>17 REVENUE FROM OPERATION</b>		
Sales of Finished Products	1950506916	1363671613
<b>TOTAL</b>	<b>1950506916</b>	<b>1363671613</b>
<b>17.1 Detail of Sales</b>		
Sale of Products		
Domestic	837945632	604745985
Export	1112561284	758925628
<b>TOTAL</b>	<b>1950506916</b>	<b>1363671613</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>18 OTHER INCOME</b>				
Interest Income		7132212		1308173
Other Non Operating Income		3241025		7805879
<b>TOTAL</b>		<b>10373237</b>		<b>9114052</b>
<b>19 COST OF MATERIAL CONSUMED</b>				
Opening Stock of Raw Material		268403970		234063792
Add: Purchase of Raw Material		1053429994		789719115
		1321833964		1023782907
Less: Closing Stock of Raw Material		310380981		215205922
<b>TOTAL</b>		<b>1011452983</b>		<b>808576985</b>
19.1 Value of Raw Material Consumed	<b>Amount (In ₹)</b>	<b>% of Consumption</b>	<b>Amount (In ₹)</b>	<b>% of Imported</b>
Imported	100460333	9.93	47630490	5.89
Indeigous	910992650	90.07	760946495	94.11
	1011452983	100.00	808576985	100.00
<b>20 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS</b>				
Inventories (at Close)				
Finished Goods/Stock in Trade	184446113		141474557	
Stock In Progress	222736631		218958601	
		407182744		360433158
Inventories (at Commencement)				
Finished Goods/Stock in Trade	141474557		103160491	
Stock In Progress	218958601		180460007	
		360433158		283620498
<b>TOTAL</b>		<b>46749586</b>		<b>76812660</b>
<b>21 EMPLOYEE BENEFIT EXPENSES</b>				
Salaries & Wages (Including Bonus)		132849858		74435628
Contribution to Providend & Other Funds		7348885		4347625
Staff Welfare Expenses		6854772		4031871
<b>TOTAL</b>		<b>147053515</b>		<b>82815124</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>22 FINANCE COST</b>				
Interest to Bank		70972256		49833139
Interest to Other		9053294		493684
Bank Charges		12878474		10460008
<b>TOTAL</b>		<b>92904024</b>		<b>60786831</b>
<b>23 OTHER EXPENSES</b>				
<b>MANUFACTURING EXPENSES</b>				
Power & Fuel	13751936		8899461	
Job Work Expenses	24475147		20890328	
Entry Tax	1577987		-	
Freight Charges	5416068		2887439	
Other Manufacturing Exp.	1905300		802084	
		47126438		33479312
<b>ADMINISTRATIVE EXPENSES</b>				
Directors Remuneration	6275000		3510000	
Telephone Expenses	3881154		1960144	
Conveyance Expenses	8498380		5336218	
Insurance Expenses	3982616		2221683	
Consultancy Charges	5714333		2548323	
Other Office Exp.	3734311		2913971	
		32085794		16268656
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>				
Clearing & Forwarding Charges	2120361		554505	
Office & Godown Rent	5065780		2119393	
Travelling Expenses	33990934		21158068	
Advertising Exp.	92793700		102079236	
Transportation Charges	19582206		15035920	
ECGC Premium	4930394		2076619	
Trade Discount	246645089		130813788	
Other Expenses	10268435		4875995	
		415396899		278713524

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

	AS AT 31st March 2012		AS AT 31st March 2011	
<b>OTHER EXPENSES</b>				
Legal & Professional Exp.	2797434		2399788	
Payment to Auditors	275000		275000	
Repair & Maintenance	2212994		1189730	
Taxes & Duties	2753887		63249	
Other Exp.	2296785		2025182	
		10336100		5952949
MISC. EXP. WRITTEN OFF		4716028		5868126
<b>TOTAL</b>		<b>509661259</b>		<b>340282567</b>
23.1 Payment To Auditors As				
(a) Auditor		120000		120000
(b) For Taxation Matters		100000		100000
(c) For Other Services		55000		55000
		275000		275000
<b>24 EARNING PER SHARE</b>				
i) Net Profit before Extraordinary Item (Net of Tax)		141745310		97662003
ii) Net Profit After Extraordinary Item (Net of Tax)		141745310		134385945
ii) Weighted No. of Shares Outstanding		13691329		6222900
iii) EPS Before Extraordinary Item				
Basic		10.35		20.93
Diluted		10.35		20.93
Adjusted for Previous Year		-		7.85
iv) EPS After Extraordinary Item				
Basic		10.35		28.79
Diluted		10.35		28.79
Adjusted for Previous Year		-		10.80
24.1 Effect of Optionally Convertible Debenture has not been taken into consideration while calculating Diluted EPS. As the company has intended to redeem the Optionally Convertible Debentures before the conversion date. In view of the management OCD's are not dilutive in nature. Also refer Note.3.1 for repayment conditions of OCD.				
24.2 Share Warrants are convertible in 1200000 Equity Shares of ₹ 88/- each which is more than the market price per share at the year end. Hence not dilutive in nature.				
24.3 Bonus share has been issued during the current year. Hence Previous Year EPS has been adjusted for Bonus Share.				
Adjusted Weighted Average No. of Share Outstanding		-		12445800
Adjusted EPS (Before Extraordinary Item)		-		7.85
Adjusted EPS (After Extraordinary Item)		-		10.80



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

		AS AT 31st March 2012	AS AT 31st March 2011
<b>25</b>	<b>ADDITIONAL INFORMATION</b>		
25.1	VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
	Raw Material	133947111	59538112
	Capital Goods	19247544	5072756
	Total	153194655	64610868
25.2	EXPENDITURE IN FOREIGN CURRENCY		
	Exhibition & Promotional Exp	3691263	1886894
	Travelling Exp.	17807399	1609524
	Advertisement Exp.	2098251	740138
	Total	23596913	4236556
25.3	EARNING IN FOREIGN CURRENCY		
	FOB Value of Exports	796289410	610245349
	Total	796289410	610245349
<b>26</b>	<b>RELATED PARTY DISCLOSURES</b>		

(i) List of Related Parties

S.No	Name of Related Party	Relationship
1	Shakti Pumps USA LLC	Subsidiary
2	Shakti Pumps FZE , UAE	Companies
3	SPIL Industries Limited	Enterprise over Which Key management are able to exercise significant influence
4	Vintex Tools Pvt. LTd	Enterprise over Which Relative of Key Mgt. are able to exercise significant influence
5	Shri Dinesh Patidar	
6	Shri Sunil Patidar	Key Managarial Personnel
7	Shri Ramesh Patidar	

(ii) Transaction during the year with related parties.

S.No	Name of Party	Nature of Transaction	Amount
1	Shakti Pumps USA LLC	Sale of Pump & Motors	18388394
2	Shakti Pumps FZE, UAE	Sale of Pump & Motors	-
3	SPIL Industries Limited	Purchase of Rubber Components	32509795
		Sale of Dies	2344367
4	Dinesh Patidar	Remuneration	3775000
		Other Allowances	187320
5	Sunil Patidar	Remuneration	1200000
		Other Allowances	52667
6	Ramesh Patidar	Remuneration	1300000
		Other Allowances	71140



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 Contd.

(iii) Balances as at 31.03.2012

S.No	Nature	Name of Party	Amount
1	Investments	Shakti Pumps USA LLC	3331941
		Shakti Pumps FZE, UAE	2206115
2	Trade Receivables	Shakti Pumps USA LLC	17717484
		Shakti Pumps FZE, UAE	1874619
3	Trade Payables	SPIIL Industries Limited	4069396
4	Loan & Advances	Vintex Tools Pvt. Ltd.	7858567

### 27 FINANCIAL & DERIVATIVE INSTRUMENTS

Foreign Currency exposure that are not hedged by derivative instruments as on 31.03.2012 are as follows :

Nature of Transaction	External Commercial Borrowing
Currency	USD
Balance in Foreign Currency	4200000
Balance in ₹	220251309

### 28 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lakhs)

S.No	Particular	As At 31.03.2012	As At 31.03.2011
1	Bank Guarantee Outstanding	210	118
2	Unexpired Letter of Credit	1176	1051.87
3	Excise Demand Under Dispute	48	48

As per our Report of even date

For Vinay Gandhi & Associates

Chartered Accountants

FRN : 014442C

Vinay Gandhi  
(Proprietor)  
(M.No.75972)

Place : Indore

Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board



## Consolidated Financial Statements

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors,  
SHAKTI PUMPS (INDIA) LTD.

1. We have audited the attached Consolidated Balance Sheet of M/S. SHAKTI PUMPS (INDIA) LIMITED (the company) and its subsidiaries (collectively referred to as "the Group") as at 31st March 2012, and the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 accessing 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. We did not audit the financial statements of subsidiaries. These financial statements & other information have been audited by other Auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by Companies (Accounting Standards) Rules, 2006.
5. Based on our audit as aforesaid and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India :
  - i. in the case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2012 ;
  - ii. in the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - iii. in the case of the Consolidated Cash Flow Statement , of the Cash Flows of the group for the year ended on that date.

For Vinay Gandhi & Associates  
Chartered Accountants  
FRN: 014442C

Vinay Gandhi  
(Proprietor)  
(M No. 75972)

Indore : 08.08.2012

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012**

(Amount in ₹)

Particulars	Note No.	AS AT 31st MARCH 2012	
1	2	3	
<b>I. EQUITY AND LIABILITIES</b>			
1 Shareholders' Funds			
Share Capital	1	140437930	
Reserves and Surplus	2	693013401	
Money Received Against Share Warrants		36050000	
			869501331
2 Non-Current Liabilities			
Long-Term Borrowings	-	313843941	
Deferred Tax Liability (Net)	-	34598735	
			348442676
3 Current Liabilities			
Short-Term Borrowings	-	513169471	
Trade Payables	3	147459112	
Other Current Liabilities	-	128498695	
Short-Term Provisions	-	81972353	
			871099632
<b>TOTAL</b>			<b>2089043638</b>
<b>II. ASSETS</b>			
1 Non-current assets			
Fixed Assets			
Tangible assets	-	524715197	
Capital work-in-progress		65930944	
Non-Current Investments	4	5179243	
Long-Term Loans and Advances	-	114818207	
Other Non-Current Assets	-	47914976	
			758558567
2 Current assets			
Inventories	5	734441264	
Trade Receivables	6	411694260	
Cash and Bank Balances	7	91123719	
Short-Term Loans and Advances	8	93225829	
			1330485071
<b>TOTAL</b>			<b>2089043638</b>
Significant Accounting Policies			
Notes on Financial Statements	1-19		

As per our Report of even date

For Vinay Gandhi &amp; Associates

Chartered Accountants

FRN : 014442C

Vinay Gandhi  
(Proprietor)  
(M.No.75972)

Place : Indore

Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)Dinesh Patidar  
(Managing Director)Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

(Amount in ₹)

Particulars	Note No.	AS AT 31st MARCH 2012	
1	2	3	
<b>I INCOME</b>			
Revenue From Operations			
Sale of Products	9	1935245202	
Less: Exice Duty		(19925578)	
Net Sales			1915319624
Other Income	10		10428265
<b>Total Revenue</b>			<b>1925747888</b>
<b>II EXPENDITURE</b>			
Cost of Materials Consumed	11	1011452983	
Changes in Inventories of Finished Goods, Stock-in-Progress and Stock-in-Trade	12	(63624882)	
Employee Benefits Expense	13	147053515	
Finance Costs	14	92950192	
Depreciation and Amortization Expense		40515073	
Other Expenses	15	514193996	
<b>Total Expenses</b>			<b>1742540877</b>
III Profit Before Extraordinary and Prior Period items and tax			183207011
IV Prior Period Item			432455
V Profit Before Tax			182774556
VI Tax expense:			
Current Tax			38500000
Deffered Tax			5871997
VII Profit After Tax For The Year			138402559
VIII Earnings per equity share:			
(1) Basic	16		10.11
(2) Diluted			10.11
Significant Accounting Policies Notes on Financial Statements	1-19		

As per our Report of even date

For Vinay Gandhi & Associates  
Chartered Accountants  
FRN : 014442C  
Vinay Gandhi  
(Proprietor)  
(M.No.75972)  
Place : Indore  
Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-12

(Amount in ₹ lakhs)

Particulars	2011-12	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit After Tax As Per Profit &amp; Loss Account</b>		1384
Adjusted For :		
Depreciation Exp.	405	
Mics.Exp. Written off.	47	
Interest Income	(71)	
Interest Paid	800	
Loss on Sale of Fixed Assets	4	
Profit on Sale of Fixed Assets	-	
Deffered Expenditure Not Included Above	(336)	
Mat Credit	-	
Deffered Tax	59	
		908
<b>Operating Profit Before Working Capital Changes</b>		2292
Adjusted For :		
Increase in Trade & Other Recivables	(226)	
Increase in Inventories	(1056)	
Increase in Trade Payables	191	
Increase in Other Current Liabilities	292	
		(800)
<b>Net Cash Flow From Operating Activities (A)</b>		<b>1492</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1110)	
Sale of Fixed Assets	55	
Interest Received	71	
Deposits	(391)	
Movement in Loan & Advances	(590)	
<b>Net Cash Used in Investing Activities (B)</b>		<b>(1964)</b>

## Consolidated Cash Flow Statement For The Year 2011-12

(Amount in ₹ lakhs)

Particulars	2011-12	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Share Capital	900	
Proceeds From Long Term Borrowings	2218	
Repayment of Long Term Borrowings	(1444)	
Short Term Borrowings (NET)	(1005)	
Dividend Paid (Inc. DDT)	(164)	
Interest on Term Loans & Others Paid	(800)	
Money Received Against Share Warrants	44	
Proceeds From Optionally Convertible Debentures	975	
<b>Net Cash from Financing Activities (C)</b>		<b>724</b>
Net Change in Cash & Cash Equivalents (A+B+C)		253
Cash & Cash Equivalents as at 1st April 2011		56
Cash & Cash Equivalents as at 31st March 2012		308
Note : 1. Figures in Brackets represent Cash Outflow		
2. Previous Year Figures Regrouped wherever necessary.		

As per our Report of even date

For Vinay Gandhi & Associates  
Chartered Accountants

FRN : 014442C

Vinay Gandhi  
(Proprietor)  
(M.No.75972)

Place : Indore

Date : 08.08.2012

For and on Behalf of the Board

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

### A. Principles of Consolidation

The Consolidated Financial Statements relates to SHAKTI PUMPS (INDIA) LTD. ("the Company") and its overseas two subsidiary companies as :

S.No	Name of the Subsidiary Company	Country of Incorporation	% of Shareholding	Currency
1	Shakti Pumps USA LLC	USA	100	USD
2	Shakti Pumps FZE	DUBAI	100	AED

The Consolidated financial statements have been prepared on the following basis:

- The Financial Statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income & expenses , after fully eliminating intra -group balances and intra-group transactions in accordance with Accounting Standard (AS) -21 " Consolidated Financial Statements".
- Revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- Reporting period of the subsidiaries are different as to the company reporting period. Hence for the purpose of preparing consolidated financial Statements, the financial statements of subsidiaries have been prepared to the same reporting date and for the same reporting period as of the company in accordance with AS-21" Consolidated Financial Statements".
- The accounting policies of the parent are best viewed in its independent financial statements. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- These being the First Consolidated Financial Statements comparative figures have not been provided.
- Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Notes from the Independent Financial Statements, which fairly present the needed disclosures.



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		AS AT 31st March 2012
<b>1 SHARE CAPITAL</b>		
<b>Authorised Share Capital :</b>		
250000000	Equity Shares of ₹ 10 each	250000000
<b>Issued &amp; Subscribed Capital</b>		
14223993	Equity Shares of ₹ 10 each	142239930
<b>Paid Up Capital</b>		
14043793	Equity Shares of ₹ 10 each	140437930
<b>TOTAL</b>		<b>140437930</b>
1.1 Reconciliation of shares outstanding at the beginning and at the end of the year		
Equity Shares		
At the beginning of the year		6222900
Issued during the year*		7820893
Outstanding at the end of the year		14043793
*6583300 Shares out of Issued, Subscribed & Fully Paid up share capital were allotted as Bonus Shares during the current year by capitalisation of reserves.		
1.2	180200	Share out of Issued Share Capital are forfeited by the company which has not been reissued.
1.3 The details of shareholders holding more than 5% Shares :		

Name of the Shareholder	As At 31st March 2012	
	No. of Shares	% held
Dinesh Patidar	3521488	25.08
Green India Venture Fund	1597993	11.38
Sunil Patidar	1550200	11.04
M.L. Securities & Finance Pvt.Ltd	738142	5.26

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	AS AT 31st March 2012	
<b>2 RESERVES &amp; SURPLUS</b>		
Capital Reserve		
As per Last Balance Sheet	2057800	
Add: During the Year	-	2057800
Foreign Currency Fluctuation Reserve		(136835)
Securities Premium Reserve		
As per Last Balance Sheet	163917000	
Add: Received During the year	77628471	241545471
General Reserve		
As per Last Balance Sheet	395001492	
Add: Transferred from Profit & Loss Account	120378473	
Less: Bonus Share Issue	(65833000)	449546965
Profit & Loss Account		
As Per Last Balance Sheet	-	
Add: Profit for the Year	138402559	
	-	
Less: Appropriations		
Proposed Dividend	(14043793)	
Dividend Tax	(2278254)	
Gratuity Provision for earlier Year	-	
Short Provision for Income Tax 2009-10	(609496)	
I.T.Refund Adjusted against Demand	(219320)	
Income Tax Related to Earlier Year	(873223)	
Transferred to General Reserve	(120378473)	0
<b>TOTAL</b>		<b>693013401</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		AS AT 31st March 2012
<b>3</b>	<b>TRADE PAYABLES</b>	
	Sundry Creditors	147459112
	<b>TOTAL</b>	<b>147459112</b>
<b>4</b>	<b>NON CURRENT INVESTMENTS</b>	
	Non-Trade Investments In Equity shares of Others Unquoted Fully Paid Up	
	Cosmos Bank	2000
	Others	5177243
		5179243
	<b>TOTAL</b>	<b>5179243</b>
<b>5</b>	<b>INVENTORIES</b>	
	Raw Material	310380981
	Work In Progress	179460939
	Finished Goods	244599344
	<b>TOTAL</b>	<b>734441264</b>
<b>6</b>	<b>TRADE RECIVABLES</b>	
	(Unsecured & Considered good)	
	Over Six Months	150517931
	Others	261176329
	<b>TOTAL</b>	<b>411694260</b>
<b>7</b>	<b>CASH &amp; BANK BALANCES</b>	
	Balances with Banks	29080123
	Cash Balance	1664247
	Fixed Deposits With Bank	60379349
	<b>TOTAL</b>	<b>91123719</b>

7.1 Balance with Banks includes Unclaimed Dividend of ₹ 940445/-

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		AS AT 31st March 2012
<b>8</b>	<b>SHORT TERM LOAN &amp; ADVANCES</b>	
	Balances With Statutory authorities	22606600
	Advance Income Tax	20000000
	Advance for Salary & tou	10666829
	Prepaid Expenses	2265033
	Deposits	7220457
	Other Short Term Loan & Advances	30466910
	<b>TOTAL</b>	<b>93225829</b>
<b>9</b>	<b>REVENUE FROM OPERATION</b>	
	Sales of Finished Goods	1935245202
	<b>TOTAL</b>	<b>1935245202</b>
<b>10</b>	<b>OTHER INCOME</b>	
	Interest Income	7132212
	Other Non Operating Income	3296053
	<b>TOTAL</b>	<b>10428265</b>
<b>11</b>	<b>COST OF MATERIAL CONSUMED</b>	
	Opening Stock of Raw Material	268403970
	Add: Purchase of Raw Material	1053429994
		<b>1321833964</b>
	Less: Closing Stock of Raw Material	310380981
	<b>TOTAL</b>	<b>1011452983</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	AS AT 31st March 2012	
<b>12 CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS</b>		
Inventories (at Close)		
Finished Goods/Stock in Trade	201321409	
Stock In Progress	222736631	
		424058040
Inventories (at Commencement)		
Finished Goods/Stock in Trade	141474557	
Stock In Progress	218958601	
		360433158
<b>TOTAL</b>		<b>63624882</b>
<b>13 EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Wages		132849858
Contribution to Provident & Other Funds		7348885
Staff Welfare Expenses		6854772
		<b>147053515</b>
<b>14 FINANCE COST</b>		
Interest to Bank		70972256
Interest to Other		9053294
Bank Charges		12924642
		<b>92950192</b>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<b>AS AT 31st March 2012</b>	
<b>15 OTHER EXPENSES MANUFACTURING EXPENSES</b>		
Power & Fuel	13751936	
Job Work Expenses	24475147	
Entry Tax	1577987	
Freight Charges	5416068	
Other Manufacturing Exp.	1905300	
		<b>47126438</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Directors Remuneration	6275000	
Telephone Expenses	3881154	
Conveyance Expenses	8498380	
Insurance Expenses	3982616	
Consultancy Charges	5714333	
Other Office Exp.	3734311	
		<b>32085794</b>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Clearing & Forwarding Charges	2120361	
Office & Godown Rent	5065780	
Travelling Expenses	33990934	
Advertising Exp.	92793700	
Transportation Charges	19582206	
Free of Cost Sales	44004007	
ECGC Premium	4930394	
Trade Discount	246645089	
Other Expenses	12638975	
		<b>417767439</b>
<b>OTHER EXPENSES</b>		
Legal & Professional Exp.	2797434	
Payment to Auditors	275000	
Repair & Maintenance	2212994	
Taxes & Duties	2753887	
Other Exp.	4458982.53	
		<b>12498297.53</b>
<b>MISC. EXP. WRITTEN OFF</b>		<b>4716028</b>
<b>TOTAL</b>		<b>514193996</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		AS AT 31st March 2012	
<b>16 EARNING PER SHARE</b>			
i)	Net Profit After Tax		138402559
ii)	Weighted No. of Shares Outstanding		13691329
iii)	Basic EPS		10.11
iv)	Diluted EPS		10.11
<b>17 RELATED PARTY DISCLOSURES</b>			
Consolidated related party transactions are same as related party transaction of stand alone Shakti Pumps (India) Limited.			
<b>18 CONTINGENT LIABILITIES</b>			
Consolidated contingent liability are same as contingent liability of stand alone Shakti Pumps (India) Limited.			
<b>19 Additional Financial Information</b>			
<b>Financial Information of Subsidiaries for the year ended 31st March 2012</b>			
	<b>Particulars</b>	<b>Shakti Pumps LLC</b>	<b>Shakti Pumps FZE</b>
a)	Paid Up Share Capital	3331941	2206115
b)	Share Premium	-	-
c)	Other Reserves	-	-
d)	Total Assets	21057882	6010193
e)	Total Liabilities	21057882	6010193
f)	Investments	-	-
g)	Turnover	3128702	-
h)	Profit/(Loss) Before tax	(3326388)	(16363)
i)	Provision for Tax	-	-
j)	Profit/(Loss) After Tax	(3326388)	(69134)
k)	Proposed Dividend	-	-
Closing Exchange Rates			
1	USD = 48.60 INR		
1	AED = 12.75 INR		

As per our Report of even date

For Vinay Gandhi & Associates

Chartered Accountants

FRN : 014442C

Vinay Gandhi

(Proprietor)

(M.No.75972)

Place : Indore

Date : 08.08.2012

Manoj Maheshwari  
(Company Secretary)

Dinesh Patidar  
(Managing Director)

Ramesh Patidar  
(Executive Director)

For and on Behalf of the Board







**SHAKTI PUMPS [INDIA] LIMITED**

Registered Office: Plot No. 401,402, & 413 Sector III Industrial Area, Pithampur – 454774 Dist. Dhar M.P.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*	
CLIENT ID*	

FOLIO NO.	
-----------	--

NAME & ADDRESS OF THE SHAREHOLDERS -----  
 ----- No. OF SHARE  
 HELD -----.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held at, Registered Office: Plot No. 401,402, & 413 Sector III Industrial Area, Pithampur – 454774 Dist. Dhar M.P. on Friday, 28th September 2012 at 10.00A.M.

\*Applicability for investor holding shares in electronic form.

\*\* Strike out whichever is not applicable.

**SIGNATURE OF SHAREHOLDER'S OF PROXY\*\***

----- Cut here -----

**SHAKTI PUMPS [INDIA] LIMITED**

Registered Office: Plot No. 401,402, & 413 Sector III Industrial Area, Pithampur – 454774 Dist. Dhar M.P.

PROXY FORM
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PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*	
CLIENT ID*	

FOLIO NO.	
-----------	--

I/We ----- of -----in  
 the district of,----- Being a member of Shakti Pumps (India) Limited,  
 hereby appoint ----- of -----  
 in the district of ----- (or failing him) -----  
 ----- of ----- in the district of ----- as  
 my/our proxy to attend and vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company  
 to be held at the Registered Office of the Company at Plot No. 401,402, & 413 Sector III Industrial Area, Pithampur –  
 454774 Dist. Dhar M.P. on Friday, 28th September 2012 at 10.00 A.M. and at any adjourned thereof.

AS WITNESS my hand / our hands this ----- day of ----- 2012.

\*Applicability for investor holding shares in electronic form.

Re.1 revenue stam SIGNATURE
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