



Shakti Pumps (India) Limited

Annual report, 2009-10

Forward looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible 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.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. 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. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

- Notice 01 ■ Directors’ Report 04
- Managements’ Discussion and Analysis Report 10
- Report on Corporate Governance 12
- Auditors’ Report 21 ■ Balance Sheet 24
- Profit and Loss Account 25 ■ Schedules 26
- Balance Sheet Abstract 35
- Cash Flow Statement 36

Notice

Notice is hereby given that the 15th Annual General Meeting of SHAKTI PUMPS (INDIA) LIMITED will be held on 21st December 2010 at 9.00 am 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 30th June 2010 and the Profit & Loss Account for the year ended on that date along with the report of Directors and Auditors thereon
2. To declare dividend for the financial year ended 30th June 2010
3. To elect Director in place of Shri Rajkumar Jain who retires by rotation and being eligible, offers himself for reappointment
4. To elect Director in place of Shri P. L. Nene who retires by rotation and being eligible, offers himself for reappointment
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) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

As Special Business

6. To consider and if thought fit, to pass with or without modifications, the following resolution as special resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Ankit Patidar, son of Mr. Dinesh Patidar, Chairman-cum-Managing Director of the Company, to hold an office or place of profit as Deputy General Manager, Marketing, with effect from 1st January 2010 on a gross monthly remuneration of ₹50,000 per month."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as special resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mrs. Darshika Patidar, daughter in law of Mr. Dinesh Patidar, Chairman-cum-Managing Director of the Company, to hold an office or place of profit as plant incharge, with effect from 1st May 2010 on a gross monthly remuneration of ₹40,000 per month."

By Order of Board
For Shakti Pumps (India) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Mr. Ankit Patidar is Commerce Graduate and having more than three years experience in the marketing field. The resolution will enable the Company to engage the services of Mr. Ankit Patidar.

Mr. Ankit Patidar is son of Mr. Dinesh Patidar, Chairman-cum-Managing Director of the Company and therefore, approval of

the members under Section 314 of the Companies Act, 1956 is necessary for him to hold and continue to hold office or place of profit in the Company.

The Board recommends the resolutions under item no. 6 for acceptance by the Members of the Company.

None of the Directors other than Mr. Dinesh Patidar is concerned or interested in item no. 6 of the Notice.

Item No 7

Mrs. Darshika Patidar is an engineer and having more than two years experience in production field. The resolution will enable the Company to engage the services of Mrs. Darshika Patidar.

Mr. Darshika Patidar is daughter in law of Mr. Dinesh Patidar, Chairman-cum-Managing Director of the Company and therefore, approval of the members under Section 314 of the Companies Act, 1956 is necessary for her to hold and continue to hold office or place of profit in the Company.

The Board recommends the resolutions under item no. 7 for acceptance by the Members of the Company.

None of the Directors other than Mr. Dinesh Patidar is concerned or interested in item no. 7 of the Notice.

By Order of Board
For **Shakti Pumps (India) Ltd**

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

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 15th December 2010 to 21st December 2010 (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 dematerialisation as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialised 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 P. Ltd, 19 Jafarbhoj Industrial Estate, 1st Floor Road, Marol Naka, Andheri(E) Mumbai

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

Name of Directors	Mr. Rajkumar Jain	Mr. P. L. Nene
Date of birth	21st July 1965	6th November 1934
Expertise in specific functional area	Information Technology	Engineer Ex-Chairman M.P.E.B.
Date of appointment	17th October 2006	1st September 2005
Qualification	M.B.A., M.C.A.	B.Sc. (Engg.) FIE LMIMA
List of outside Directorship held	Nil	2
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	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) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Chairman and Managing Director

Directors' Report

Dear members

The Directors submit the Annual Report of the Company together with the audited statement of accounts for the year ended 30th June 2010.

1. Financial results

[₹ in lacs]

	Financial year ended 30th June 2010	Financial year ended 30th June 2009
(I) Income from sales		
Export	7,590.77	5,951.34
General	5,577.28	4,723.24
(II) Other income	76.81	64.69
(III) Operating expenditure	10,887.55	8,993.64
(IV) Profit before interest, depreciation and tax	2,357.31	1,745.64
(V) Interest	812.46	572.05
(VI) Depreciation	348.66	291.55
(VII) Profit before taxes	1,196.19	882.04
(VIII) Provision for taxes	120.70	101.31
(IX) Net profit for the year	1,075.49	780.73
(X) Balance brought forward from previous year	0.00	0.00
(XI) Amount available for appropriation	1,075.49	780.73
Appropriations		
(a) Proposed dividends on equity shares	62.23	62.23
(b) Tax on dividends	10.58	10.58
(c) General reserve	0.00	0.00
(d) Balance carried to balance sheet	1,002.68	707.92

2. Dividend

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹1 per share for 2009-10. The final dividend, if approved by the members would invoke a cash outflow of ₹72.81 lacs including dividend tax.

3. Operating results and business

Overall 2009-10 has been a very satisfying year. During the year, your Company has registered a turnover ₹13,168.04 lacs as compared ₹10,674.58 lacs showing an increase of 23.36% over the previous year turnover. The export of the Company increased from ₹5,951.34 lacs to ₹7,590.77 lacs showing an increase of 27.55% over the previous year owing to enhanced production and better product/market penetration.

The Company earned profit before depreciation, interest and tax of ₹2,357.31 as against ₹1,745.64 in the previous year, showing a growth of 35.04%.

4. Future outlook

1. SRN vertical multistage centrifugal pumps

Introduction

The SRN pump is a non-self priming, vertical multistage centrifugal pump.

The inline design enables the pump to be installed in a horizontal one pipe system where the suction and discharge ports are in the same horizontal plane and have the same pipe dimensions. This design provides a more compact pump design and pipe work.

SHAKTI SRN pumps come with various pump sizes and various numbers of stages to provide the flow and the pressure required. SRN pumps are suitable for a variety of applications from pumping of potable water to pumping of chemicals. The pumps are therefore used in a wide diversity of pumping systems where the performance and material of the pump meet specific demands.

The pump unit comprises optimised hydraulics, various types of connections, an outer sleeve, a top and various other parts. SRN pumps are available in various material versions according to the pumped liquid.

Features and benefits

- Reliability
- High efficiency
- Service friendly
- Space saving
- Suitable for slightly aggressive liquids

Applications

The pumps are suitable for liquid transfer in

- Washing systems
- Cooling and air conditioning systems
- Water supply system
- Water treatment system
- Fire fighting system
- Industrial plants
- Boiler feeding system.

2. Electric motors (energy efficient centrifugal motors)

Introduction

In today's power scenario, we are facing a major power crunch. Day by day, the gap between demand and supply of electric energy is widening at the rate of 3%. Bridging this gap from supply side is very difficult and expensive proposition. The only viable way in handling these crises, in addition to capacity addition, is the efficient use of available energy, which is possible by use of energy devices.

Electric motors are industry's basic need. Electric motors consume around 70% of the total electricity used in the industrial sector. As motors are the largest users of electrical energy, even small efficiency improvements can produce very large savings across the country.

As energy efficient motors produces the same shaft output power but draws less input power than a standard motor. Hence, EE motors consume less electricity than comparable standard motor.

Advantages

- Saves energy and money
- Near uniform efficiency from 50% to 100% of full load ensuring energy savings even at part load condition
- Short payback period
- Substantial savings after payback period

Applications

- Energy efficient motors are specially suited for industries which power intensive and equipments which run on constant load for long duration

Areas of application

- Booster pumps
- Compressors
- Fans
- Blowers
- Mills
- Crushers
- Conveyors
- Ring granulators
- Rubber mills
- Rubber mixers
- Disc refiners

3. Open well submersible pumps

Application of open well submersible pumps

Industrial and public water supply schemes, domestic water supply, lift irrigation schemes, drip/sprinkler irrigation schemes, fire lighting, booster application, cooling water circulation, ornamental fountain installation and air conditioning plants, dewatering of mines, offshore and platforms, among others.

Special features

NO suction and priming problems, No need of pump house, noiseless operations, single shaft for pump and motor ensures permanent correct alignment, high operating efficiency, extremely hardwearing water lubricated bearing, highly durable water cooled rewindable motor, can be easily dismantled and repaired.

5. Directors

Mr. Manu Punnoose has resigned as the Director of the Company w.e.f. 13th July 2010.

Shri Rajkumar Jain retires by rotation

and being eligible, offers himself for reappointment.

Shri P. L. Nene retires by rotation and being eligible, offers himself for reappointment.

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 2009-10.
3. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with provision 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 deposits and, as such, no amount on account of 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 set out 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 re-appointment.

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.

13. Cost audit

The Report of M/s Mihir Turkhia & Associate, Cost Accountants, relating to stainless steel submersible pumps and motors for the year ended 30th June 2010, will be submitted to the Central Government in due course.

14. 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).

15. 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 the Government of India, the Governments of various countries, the concerned state governments, governments departments and governmental agencies for their cooperation.

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

For and On behalf of the Board of Directors

Dinesh Patidar
Chairman and Managing Director

Pithampur Distt. Dhar (M.P.)
Dated: 29th October, 2010

Annexure to the Directors' Report

Information as per Section 217(i) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June 2009.

Annexure "A" to the Director's Report

Statement containing information as per Section 217(2) read with the Companies (particulars of employee) Rules, 1975 and forming part of the Directors' Report for the year ended 30th June 2010.

Sl. no.	Name	Age	Qualification	Designation and nature of duties	Commencement of employment	Experience (years)	Remuneration (₹)
A	Employed throughout the year under review and were in receipt of remuneration for the year in aggregate was not less than ₹24,00,000						
1	Mr. Dinesh Patidar	48 years	Graduate	Managing Director	21st April 1995	21 years	2,00,000
Particulars of last employment, last post and employer					Years		
Partner with Shakti Electrical Industries					6		

- Notes -
- The appointment is as per Company's Rule.
 - Other terms and conditions: As per Company's Rule.
 - Remuneration received includes salary but excluding contribution towards gratuity paid to the approved gratuity fund.

Research & Development

1. Specific areas in which R & D carried out by the Company.	The in-house Research & Development activities resulted in the development 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.
4. Expenditure on R & D	Nil

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 no fully absorbed areas where this has not taken place reasons thereof and future plans of action	Not applicable

Conservation of energy

(a) Energy conservation measures taken	Maintained the power factor .95 to .97 by installing automatic capacitors operating system. Using inverter based welding transformer and condenser based projection welding machine and installation of energy meter.
(b) Additional measures proposed to be taken.	Replacing conventional machines by CNC and automatic machines. Designing of latest model fixtures to increase productivity.
(c) Impact of the measures (a) and (b) above for reduction of energy consumption consequent impact on the cost of production of goods	Reduction in the cost of production

Total energy consumption and energy consumption per unit of production

Conservation of energy

Electricity		
Purchase unit	Nos.	1793944
Total amount	₹	9206710.00
Rate/unit	₹	5.13
Own generation from diesel generator		
Purchase unit	Nos	27265.00
Total amount	₹	129570.00
Rate/unit	₹	4.75
Consumption per unit of production		
Production	Nos.	123375
Per unit	₹	72.94
Foreign exchange earning and outgo		
Foreign exchange earned	₹	7,488.36 lacs
Expenditure in foreign currency	₹	20.28 lacs

For and on behalf of the Board of Directors

Pithampur Distt. Dhar (M.P.)
Dated: 29th October, 2010

Dinesh Patidar
Chairman and Managing Director

Managements' discussion and analysis Report

i) Industry structure and development

The industry is registering a good growth in the submersible pumps - the Company's main product. Several orders are expected from various State Governments/Government agencies and foreign customers. Efforts are being made for increasing energy efficiency through dealer net work.

ii) Opportunities and threats

There is significant change in the outlook compared with last year. The Company, with increased installed production capacity continues to enhance opportunities for growth by focusing on the introduction of innovated upgraded existing products/energy efficient submersible pumps. The Company faces the normal threats, risks and concerns, which are associated with competition from local and overseas manufacturers.

iii) Segment wise performance

The Company has only one segment namely submersible pumps.

iv) Outlook

In the current year, the Company is confident of growing much faster in comparison with the economy and agriculture, looking at the present level of response and orders and increased installed production capacity.

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

v) Risks and concerns

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 international economy.

During the current year, the manufacturing activities of submersible pumps are showing excellent growth in response and orders.

vi) Internal control system and their adequacy

The Company has well-established internal control system and to further strengthen the systems, it has appointed a firm of Chartered Accountants to carry out internal audit and to review the internal control measures. Moreover, regular management review committee meetings are held for strengthening the department wise control system.

vii) Discussion on financial performance with respect to operational performances

Financial performance of the Company
During the year, the total turnover was ₹13,168.04 lacs as compared with ₹10,674.58 lacs during the previous year.

Resource allocation

Fixed assets

The gross fixed assets as at 30 June 2010 were at ₹6,677.33 lacs as compared with ₹5,719.61 lacs in June 2009. The addition to gross fixed assets of ₹957.72 lacs were mainly because of acquiring high efficiency machines to strengthen production capacity and continual improvement in quality.

Working capital

The net current assets as at 30 June 2010 were ₹7,669.30 lacs as compared with ₹7,021.95 lacs in the previous year.

viii) Material developments in human resources/ industrial relation front

Your Company considers its human resources as its most valuable assets, among all other assets. It has been Company policy to actuate the talent by providing development opportunities

within the organisation. Several executives and staff training programs were organised during the year under review. The Company continued to maintain very cordial and harmonious relations with its employees.

ix) Disclaimer statement

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 defer materially from those expressed or implied. Government regulations, tax structure, demand-supply conditions, raw material cost and availability, finished goods prices and economic development

within India and the countries with which the Company has business relationship 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

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below

1. Company's philosophy on Code of Corporate Governance

Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organisation most effectively. Corporate Governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organisation and of their own role as trustees on behalf of the shareholders.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company adopted a Code of Conduct for its employees including

the Executive Directors and the Managing Director.

2. Board of Directors

(i) As on June 30, 2010, the Company has eight Directors with an Executive Chairman, of the eight Directors, four (i.e. 50.00%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

(ii) None of the Directors on the Board is Member of more than ten committees or chairman of more than five committees across all the companies in which they are Directors. Necessary disclosures regarding committee

positions in other public companies as on 30th June 2010 have been made by the Directors.

(iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorship and Committee Chairmanships/Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name of the Director	Category	Number of Board-Meetings attended	Attendance in last AGM	Number of Directorships in other companies	Number of Committee positions held in other companies	
					Chairman	Member
Mr. Dinesh Patidar	Executive	12	No	1	–	1
Mr. Sunil Patidar	Executive	10	Yes	–	–	–
Mr. Ramesh Patidar	Executive	10	No	–	–	–
Mr. Raj Kumar Jain	Independent	6	No	2	–	–
Mr. Manu Punnoose*	Independent	2	No	11	–	–
Mr. S. S. Raghuwansi	Independent	5	No	–	–	1
Mr. P. L. Nene	Independent	5	No	3	–	1
Mr. Lalit Garg#	Independent	5	Yes	–	2	2

* Resigned as Director on 13th July, 2010

Participated one meeting over teleconference

No sitting fee has been paid for participation over teleconference

(IV) Twelve board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

29th July 2009; 20th October 2009; 22nd November 2009; 26th November 2009; 17th December 2009; 25th January 2010; 5th March 2010; 12th March 2010; 6th April 2010; 26th April 2010; 29th April 2010; 15th May 2010.

(V) None of the Independent Directors has any material pecuniary relationship or transactions with the Company.

(VI) During the year, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement was placed

before the Board for its consideration.

3. Audit Committee

(I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Bombay Stock Exchange read with Section 292A of the Companies Act, 1956.

(II) The terms of references of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for

payment for any other services.

- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities

(III) The previous Annual General Meeting of the Company was held on 24th December 2009 and was attended by Mr. Lalit Garg, Chairman of the Audit Committee.

(IV) The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2009-10	
		Held	Attended
Mr. Lalit Garg	Independent, Non-Executive	5	5
Mr. S. S. Raghuwansi	Independent, Non-Executive	5	2
Mr. P. L. Nene	Independent, Non-Executive	5	4
Mr. Dinesh Patidar	Executive	5	5

(I) Five Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:

29th July 2009; 20th October 2009; 22nd November 2009; 25th January 2010; 26th April 2010. The necessary quorum was present for all the meetings.

4. Remuneration Committee

(I) The Company has a Remuneration

Committee of Directors.

(II) The broad terms of reference of the Remuneration Committee were as under:

- To approve the annual remuneration plan of the Company;
- To approve the remuneration and commission/incentive remuneration payable to the Managing 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) Meeting of the Remuneration Committee were held for review of remuneration on 9th April 2010.

(IV) The composition of the Remuneration Committee and the details of meeting attended by its members are given below:

Name	Category	Number of meetings during the year 2009-10	
		Held	Attended
Mr. S. S. Raghuwansi	Independent Director	1	1
Mr. Lalit Garg	Independent Director	1	1
Mr. P. L. Nene	Independent Director	1	1

(V) Details of Remuneration for the year ended 30th June 2010:

Name	Category	Salary including employer's contribution to provident fund	Perquisites	Sitting fees
Mr. Dinesh Patidar	Executive	24,36,000.00	49,500.00	Nil
Mr. Sunil Patidar	Executive	12,36,000.00	67,850.00	Nil
Mr. Ramesh Patidar	Executive	10,86,000.00	19,100.00	Nil
Mr. S. S. Raghuwansi	Independent	Nil	Nil	50,000
Mr. Lalit Garg	Independent	Nil	Nil	Nil
Mr. Manu Punnoose	Independent	Nil	Nil	20,000
Mr. Rajkumar Jain	Independent	Nil	Nil	Nil
Mr. P. L. Nene	Independent	Nil	Nil	50,000

5. Shareholders/Investors Grievance Committee

(I) The Company has a Shareholders/Investors Grievance Committee of Directors 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 14th May 2010.

(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 2009-10	
	Held	Attended
Mr. Sunil Patidar	1	1
Mr. Vimal Patni	1	1
Mr. B. R. Patidar	1	1
Mr. Suryapal Yadav	1	1

6. General body meeting

(I) The last three Annual General Meetings and Extra Ordinary General Meeting:

Year	AGM/EGM	Date of AGM/EGM	Time	Venue
2007	AGM	28th December 2007	11.00 am	Plot No. 401,402&413, Sector III, Industrial Area, Pithampur, Dist-Dhar, M.P.
2008	AGM	29th December 2008	11.00 am	Plot No. 401,402&413, Sector III, Industrial Area, Pithampur, Dist-Dhar, M.P.
2009	AGM	24th December 2009	11.00 am	Plot No. 401, 402 & 413, Sector III, Industrial Area, Pithampur, Dist-Dhar, M.P.
2007	EGM	16th March 2007	11.00 am	Plot No. 1, Sector I, Mhow Neemuch Road, Pithampur, Dist-Dhar, M.P.
2008	EGM	16th October 2008	11.30 am	Plot No. 401, 402 & 413, Sector III, Industrial Area, Pithampur, Dist-Dhar, M.P.
2010	EGM	12th April 2010	11.00 am	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.

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

7. Disclosures

(I) The Board received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

(II) Details of non-compliance by the

Company, penalties, strictures imposed on the Company by the Bombay Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2007-08, 2008-09 and 2009-10 respectively: Nil.

8. 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 of the SEBI (Insider Trading) Amendment Regulations, 2002. The code of conduct and corporate disclosure practices framed by the Company will help in ensuring compliance of the amended regulations.

9. Means of communications

The quarterly, financial results of the Company are sent to the Bombay Stock Exchange immediately after the Board approves them. These are published in regional newspapers. A Management discussion and analysis Statement is a part of the Company's Annual Report.

10. General shareholders information

(I) Annual General Meeting:

Date: 21st December 2010

Time: 9.00 am

Venue: 401,402 & 413, Sector III, Industrial Area, Pithampur, Dist Dhar

(II) Financial calendar

Year ending: 30th June 2010

AGM in: December

Dividend payment: The final dividend if declared, shall be paid/credited on or after 22nd December 2010

(III) Listing on stock exchanges:

Bombay Stock Exchange Limited
Floor 25, P.J. Towers, Dalal Street
Mumbai 400001

(IV) Stock Codes: 531431

(V) Corporate Identification Number (CIN): L29120MP1995PLC009327

(VI) Stock market data: The month-wise highest and lowest and total number of shares during the last financial year was as follows

Month	Highest	Lowest	Total number of shares traded
July-09	107.4	76	61,988
August	119.2	79.3	2,32,703
September	116	95.3	60,718
October	100	88.95	28,543
November	106.9	86.15	1,89,991
December	125	94	5,86,895
Jan-10	141.65	100.3	2,91,735
February	164.95	116	8,97,050
March	187.9	151.3	15,11,358
April	202	156	11,47,922
May	211	172	10,64,215
June	213	146.05	35,14,239

(V) Registrar and transfer agent:

M/s Adroit Corporate Services Pvt. Ltd.

19, jafarbhoj Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai

(VI) Share transfer system

Share transfers 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.

(VII) Shareholding as on 30th June 2010:

(a) Distribution of shareholding as on 30th June 2010

Range of equity shares held	No. of shareholders	%	Number of shares	Face value per equity shares (in ₹)	% of shareholding
up to - 00500	1,099	81.77	1,55,728	15,57,280	2.5
00501 - 01,000	91	6.77	78,542	7,85,420	1.26
01,001 - 02,000	49	3.65	76,402	7,64,020	1.23
02,001 - 03,000	23	1.71	61,236	6,12,360	0.98
03,001 - 04,000	10	0.74	36,500	3,65,000	0.59
04,001 - 05,000	10	0.74	48,911	4,89,110	0.79
05,001 - 10,000	19	1.41	1,30,184	13,01,840	2.09
10000 and above	43	3.2	56,35,397	5,63,53,970	90.56
Total	1,344	100	62,22,900	6,22,29,000	100

(b) Categories of shareholding as on 30th June 2010

S. N.	Category	Number of shares held	% of shareholding
1	Resident individuals	9,09,548	14.62
2	Non Resident Indians (individuals)	28,582	0.46
3	Corporate bodies	17,88,534	28.74
4	Directors (promoter)	22,06,300	35.45
5	Directors relatives (promoter)	8,82,700	14.18
6	Foreign institutional investors	1,83,570	2.95
7	Clearing member	2,22,016	3.57
8	Corporate body broker	1,650	0.03
Total		62,22,900	100.00

Declaration for Compliance with the Code of Conduct

Pursuant to Clause 49 I (D)(II) of the Listing Agreement I, hereby declare that all Board Members & Senior Management personnel have affirmed compliance with the Code of Conduct made effective from April 1, 2005.

Place: Pithampur
Date: 29th October, 2010

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 June 30, 2010, 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 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

Place: Indore
Date: 29th October, 2010

Vinay Gandhi
Proprietor
M. No. 75972

Certificate from CMD

To
The Board of Directors of
Shakti Pumps (India) Limited

I, Dinesh Patidar, Chairman & Managing Director certify that:-

- (a) I have reviewed financial statements and the cash flow statement for the year ended 30th June, 2010 and that to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable law and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility of establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee that
 - (i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - (ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements as disclosed in schedule 25; and
 - (iii) There has not been any instances during the year of significant fraud of which I had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Pithampur
Date: 29th October, 2010

Dinesh Patidar
Chairman and Managing Director

Financial Section

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 30 June 2010 and also the Profit & Loss Account 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 amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956' of India (the Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, 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 30th June 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2010 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 notes thereon and attached thereto 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 30th June 2010, in the case of Profit and Loss Account, of the profit for the year ended on that date and
 - ii. 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

Vinay Gandhi
Proprietor

Place: Indore
Date : 9th September 2010

M No. 75972

Annexure to the Auditor's Report

[Referred to in Para 3 of our Auditors Report of even date to the members of Shakti pumps (India) Limited on the Financial statements for the year 30th June, 2010]

1. 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) The fixed Assets were 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 between the book records and the physical inventory have been noticed.
- c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not disposed of by the company during the year.
2. 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. In our opinion, the discrepancies noticed on physical verification between physical inventories as compared to book records.
3. a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained section 301 of the Act. Accordingly, clauses (iii) (b) to (d) of the paragraph 4 of the order are not applicable to the company for the current year.
- b) 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 we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. 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 Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- 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 4 (vi) 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 books of account maintained by the company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. 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 30th June 2010 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	4,79,724	2004-05	Commissioner Appeals, Indore
		22,16,000	2005-06	Appellate Tribunal, New Delhi
		22,60,000	2005-06	Appellate Tribunal, New Delhi
		2,50,000	2005-06	Appellate Tribunal, New Delhi

10. The company does not have accumulated losses as at 30 June 2010. 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. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/ nidhi / society/ mutual fund benefit fund 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 not issued any debentures during the year hence the provisions of clause 4(xix) are not applicable to the company.

20. The company has not raised any money by public issues during the year

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, I have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Vinay Gandhi & Associates**
Chartered Accountants

Vinay Gandhi
Proprietor
M No. 75972

Place: Indore
Date : 9th September 2010

Balance Sheet As on 30.06.2010

(Amount in ₹)

Particulars	Schedule No.	As on 30.06.2010	As on 30.06.2009
SOURCES OF FUNDS			
Share Holder Fund			
Share Capital	1	62,229,000	62,229,000
Reserve & Surplus	2	445,098,668	348,018,645
Loan Fund			
Secured Loan	3	781,359,583	490,792,946
Un-Secured Loan		-	265,633,625
Deferred Tax Liability		27,228,919	19,684,258
Total		1,315,916,170	1,186,358,474
APPLICATION OF FUNDS			
Gross Block	5	667,732,594	571,961,347
Less : Accumulated Depreciation		144,504,623	109,638,585
Net Fixed Assets		523,227,971	462,322,762
Current Assets, Loan & Advances			
Inventory	6	517,684,291	411,839,996
Sundry Debtors	7	296,092,655	269,537,806
Cash & Bank Balances	8	1,545,505	1,116,516
Loan & Advances	9	91,275,462	50,887,871
Sundry deposits	10	25,130,018	16,523,278
		931,727,932	749,905,467
Current Liabilities & Provisions	11	164,798,370	47,710,812
Net Current Assets		766,929,562	702,194,655
Miscellaneous Expenditure to the extent not written off or adjusted	12	25,758,637	21,841,057
Total		1,315,916,170	1,186,358,474

For Vinay Gandhi & Associates

Chartered Accountants

Vinay Gandhi

Proprietor

M. No. 75972

Place: Indore

Date : 9th September 2010

Manoj Maheshwari

Company Secretary

For and on behalf of the Board

Dinesh Patidar

Managing Director

Ramesh Patidar

Executive Director

Profit and Loss Account For the year ended 30.06.2010

(Amount in ₹)

Particulars	Schedule No.	Year ended 30.06.2010	Year ended 30.06.2009
SALES	13	1,316,804,655	1,067,457,891
Other Income	14	7,681,429	6,469,037
+ Increase / -Decrease in Stock	15	46,410,457	116,824,314
Total		1,370,896,542	1,190,751,242
EXPENDITURE			
Material Consumed	16	817,782,794	775,567,219
Manufacturing Expenses	17	37,162,091	29,533,399
Selling & Distribution Expenses	18	146,278,188	112,769,482
Legal & Professional Charges	19	4,186,467	2,780,863
Repair & maintenance Charges	20	1,729,925	1,204,123
Financial Charges	21	81,246,748	57,205,209
Expenses on Employees	22	80,307,603	61,799,772
Administrative Expenses	23	25,032,690	21,862,309
Taxes & Duties	24	16,245,043	5,390,069
Depreciation	5	34,866,038	29,154,960
Deferred Expenditure W/O		6,439,659	5,280,262
Total		1,251,277,245	1,102,547,667
Profit for the year		119,619,297	88,203,575
Fringe Benefit Tax		-	824,731
Provision for Taxation [Current]		3,498,875	3,938,996
Provision for Taxation [Deferred]		8,571,744	5,366,985
Profit after Appropriation		107,548,678	78,072,863
Proposed Dividend		6,222,900	6,222,900
Provision for Dividend Tax		1,057,582	1,057,582
Profit after Tax		100,268,196	70,792,381
Balance Carried to Balance Sheet		100,268,196	70,792,381

For Vinay Gandhi & Associates

Chartered Accountants

Vinay Gandhi

Proprietor

M. No. 75972

Place: Indore

Date : 9th September 2010

Manoj Maheshwari

Company Secretary

For and on behalf of the Board

Dinesh Patidar

Managing Director

Ramesh Patidar

Executive Director

Schedule forming part of the Balance Sheet As on 30.06.2010

(Amount in ₹)

Particulars	As on 30.06.2010	As on 30.06.2009
SCHEDULE 1 SHARE CAPITAL		
Authorised Share Capital		
9000000 Equity Shares of ₹10 each [P.Y. 9000000 Equity Shares of ₹10 each]	90,000,000	90,000,000
Issued & Subscribed Capital		
6403100 Equity Shares of ₹10 each [P.Y.6403100 Equity Shares of ₹10 each]	64,031,000	64,031,000
Paid up Share Capital		
6222900 Equity Shares of ₹10 each fully paid up [P.Y.6222900Equity Shares of ₹10 each fully paid up]	62,229,000	62,229,000
Total	62,229,000	62,229,000

SCHEDULE 2 RESERVE & SURPLUS		
Capital Reserve	2,057,800	2,057,800
General Reserve		
Opening Balance	345,960,845	275,168,464
Less: Contribution to LIC Gratuity Fund	3,188,173	-
Balance Carried from Profit & Loss A/c	100,268,196	70,792,381
Total	445,098,668	348,018,645

SCHEDULE 3 SECURED LOAN		
Working Capital Loan		
Cash Credit, Packing Credit, PCFC, Buyer's Credit from Banks [See Note-1]	503,565,398	382,426,460
Liquid Fund		
Madhya Pradesh Financial Corporation [See Note-2]	-	24,000,000
Term Loan		
State Bank of Indore [See Note-1]	31,623,900	12,203,107
State Bank of India [See Note-1]	24,864,017	11,062,848
Madhya Pradesh Financial Corporation [See Note-2]	49,979,908	60,000,000
External Commercial Borrowings		
From Banks [See Note-3]	169,875,070	-
Vehicle Loan		
[Secured against respective vehicles]	1,451,290	1,100,531
Total	781,359,583	490,792,946

Note-1 Borrowing from banks are secured by way of :-

- First pari-passu charge by way hypothecation of the Company's Stock comprising of raw materials, stock in process, finished goods, consumable stores and spares and receivables & other current assets.
- Second pari passu charge by way of Equitable Mortgage of the Company's land and Building situate at Sector-A, Mhow Neemuch Road, Pithampur and Plot No. F-14 & F-15, Special Economic Zone, Pithampur and Plot No. 401, 402 & 413, Industrial Area, Sector-III, Pithampur, District- Dhar and
- Personal Guarantee of Directors

Schedule forming part of the Balance Sheet As on 30.06.2010

Note-2 By way of equitable mortgage of Land, Building, Plant & Machineries (Existing & Future) of the future) of the Company situated at plot no. 401, 402 & 413 Industrial Area, Sector-III, Pithampur, District-Dhar (M.P.)

Note-3

- (a) First pari passu charge by way of Equitable Mortgage of the Company's land and Building situate at Sector-A, Mhow Neemuch Road, Pithampur and Plot No. F-14 & F-15, Special Economic Zone, Pithampur and Plot No. 401, 402 & 413, Industrial Area, Sector-III, Pithampur, District- Dhar and
- (b) Second parri-passu charge by way hypothecation of the Company's Stock comprising of raw materials, stock in process, finished goods, consumable stores and spares and receivables and other current assets.

(Amount in ₹)

Particulars	As on 30.06.2010	As on 30.06.2009
SCHEDULE 4 UNSECURED LOAN		
From Corporate Bodies	0	550923
Foreign Currency Convertible Bonds	0	265082702
Total	0	265633625

SCHEDULE 5 FIXED ASSETS

Particulars	Gross Block 01.07.09	Addition during the year	Deletion	Grand Total 30.06.2010	Depreciation up to 01.07.09	Depreciation for the year	Total depreciation 30.06.2010	Net Block 30.06.2010	Net Block 30.06.2009
1 Land & Building	117,736,580	2,067,154	-	119,803,734	8,928,127	2,239,369	11,167,496	108,636,238	108,808,453
2 Plant & Machinery	304,817,018	33,200,340	-	338,017,358	35,005,967	13,792,743	48,798,710	289,218,648	269,811,051
3 Furniture & Fixture	20,186,550	4,955,284	-	25,141,833	5,255,156	1,519,994	6,775,150	18,366,683	14,931,394
4 Vehicle	4,011,253	1,948,316	-	5,959,569	1,583,678	451,528	2,035,206	3,924,364	2,427,575
5 Computer	8,131,465	3,337,942	-	11,469,407	4,350,387	735,107	5,085,494	6,383,914	3,781,078
6 Mould, Dies	117,078,481	50,262,211	-	167,340,692	54,515,270	16,127,297	70,642,567	96,698,125	62,563,211
Total	571,961,347	95,771,248	0	667,732,594	109,638,585	34,866,038	144,504,623	523,227,971	462,322,762

Note: Depreciation on fixed assets has been charged on straight line method as per rate specified in schedule XIV of the company act, 1956 on prorata

Particulars	As on 30.06.2010	As on 30.06.2009
SCHEDULE 6 INVENTORY		
Raw Materials & Spares	234,063,792	174,629,955
Work In Process	180,460,007	151,540,195
Finished Goods	103,160,491	85,669,846
Total	517,684,291	411,839,996

SCHEDULE 7 SUNDRY DEBTORS

Considered Goods	159,238,671	146,412,128
More than 6 months	136,853,984	123,125,678
Total	296,092,655	269,537,806

Schedule forming part of the Balance Sheet As on 30.06.2010

(Amount in ₹)

Particulars	As on 30.06.2010	As on 30.06.2009
SCHEDULE 8 CASH & BANK Balance		
Cash at Bank	764,809	917,328
Cash in Hand	780,696	199,188
Total	1,545,505	1,116,516

SCHEDULE 9 LOAN & ADVANCES		
Advance Payment to parties	79,090,538	44,983,358
Tour Advance	9,260,852	3,716,560
Salary Advance	2,917,749	2,181,631
Pre-Paid Insurance	6,322	6,322
Total	91,275,462	50,887,871

SCHEDULE 10 SUNDRY DEPOSIT		
Fixed Deposit with Banks	18,338,065	12,365,575
Other Deposit	6,791,953	4,157,703
Total	25,130,018	16,523,278

SCHEDULE 11 CURRENT LIABILITIES & PROVISION		
Creditors for Raw Materials	102,342,074	27,693,018
Creditors for Other	47,284,952	8,118,721
Unclaimed Dividend	203,903	265,405
Auditor Remuneration	275,000	275,000
Provision for Tax	3,498,875	3,938,996
Provision for Fringe Benefit Tax	-	139,190
Proposed Dividend	6,222,900	6,222,900
Provision for dividend Tax	1,057,582	1,057,582
Provision for LIC Gratuity Fund	3,913,084	-
Total	164,798,370	47,710,812

SCHEDULE 12 DEFERRED & PRE-OPERATIVE		
Pre-Operative Expenses	6,933,235	8,646,543
Software Expenses	5,327,074	5,936,990
Deferred Revenue Expenses on FCCB	10,030,229	12,537,786
Deferred Revenue Expenses on Advertisement	9,907,757	-
Total	32,198,296	27,121,319
Less: 1/5 Written off during the year	6,439,659	5,280,262
Total	25,758,637	21,841,057

Schedule forming part of the Profit and Loss Account For the year ended 30.06.2010

(Amount in ₹)

Particulars	Year ended 30.06.2010	Year ended 30.06.2009
SCHEDULE 13 SALES		
Sales Export	759,076,655	595,134,000
Sales Domestic	557,728,000	472,323,891
Total	1,316,804,655	1,067,457,891

SCHEDULE 14 OTHER INCOME		
DEPB Sale	5,555,746	33,634
Interest received on FDR	640,469	2,693,128
Realised Gain Forex	1,485,214	3,742,275
Total	7,681,429	6,469,037

SCHEDULE 15 INCREASE/DECREASE IN STOCK		
Closing Stock of WIP	180,460,007	151,540,195
Less:- Opening Stock of WIP	151,540,195	77,825,444
	28,919,812	73,714,751
Closing Stock of FG	103,160,491	85,669,846
Less: Opening Stock of FG	85,669,846	42,560,283
	17,490,645	43,109,563
Total	46,410,457	116,824,314

SCHEDULE 16 MATERIALS CONSUMED		
Opening Stock of Raw Materials	174,629,955	203,483,251
Add: Purchase	877,216,631	746,713,923
Total	1,051,846,586	950,197,174
Less: Closing Stock of Raw Materials	234,063,792	174,629,955
Total	817,782,794	775,567,219

SCHEDULE 17 MANUFACTURING EXP		
Subcontracting processing charges	23,354,323	15,785,862
Manufacturing Expenses	651,185	1,995,193
Power and fuel	9,336,220	7,090,728
Labour Charges	194,845	332,039
Loading & Unloading Charges	583,294	222,614
Freight Charges - Import	3,042,224	4,106,963
Total	37,162,091	29,533,399

Schedule forming part of the Profit and Loss Account For the year ended 30.06.2010

(Amount in ₹)

Particulars	Year ended 30.06.2010	Year ended 30.06.2009
SCHEDULE 18 SELLING & DISTRIBUTION EXP		
Commission & Incentive	3,349,136	1,298,815
Clearing & Forwarding Expenses	619,498	-
Branch Office & Godown Rent	1,851,399	-
Travelling Expenses	23,766,527	10,813,163
Advertising Expenses	5,661,926	7,945,868
Inspection Charges	309,571	455,869
Market Development Charges	23,397,196	7,161,046
Business Promotion	666,271	900,059
Transportation	3,543,863	3,491,959
Exhibitions & promotional expenses	2,963,328	360,193
ECGC Premium	1,126,800	3,355,259
Trade Discount	79,022,673	76,987,251
Total	146,278,188	112,769,482

SCHEDULE 19 LEGAL & PROFESSIONAL CHARGES		
Professional Charges	2,542,845	1,229,952
Audit Fees	318,433	381,250
Secreterial Expenses	136,151	238,969
Lease Rent	1,082,460	522,460
License Fees	41,530	338,893
Listing Fees	65,048	69,339
Total	4,186,467	2,780,863

SCHEDULE 20 REPAIRS & MAINTENANCE		
Annual Maintenance	1,078,394	299,718
Machinery Maintenance	386,884	704,301
Vehicle Maintenance	264,647	200,104
Total	1,729,925	1,204,123

SCHEDULE 21 FINANCIAL CHARGES		
Interest to Financial Institutions	59,693,306	43,108,530
Interest to Other	492,225	6,201,094
Bank Charges	20,861,518	7,785,839
Hire Charges	199,699	109,746
Total	81,246,748	57,205,209

Schedule forming part of the Profit and Loss Account For the year ended 30.06.2010

(Amount in ₹)

Particulars	Year ended 30.06.2010	Year ended 30.06.2009
SCHEDULE 22 EXPENSES ON EMPLOYEES		
Basic Salary	41,368,221	27,448,082
Training & Recruitment	442,077	323,674
Staff Welfare	255,312	158,670
House Rent Allowance	6,933,119	5,802,416
Special Allowance	5,748,495	3,896,452
Washing Allowance	2,257,619	1,934,068
Food Allowance	3,297,869	3,866,950
Educational Allowance	4,593,352	3,948,739
Travelling Allowance	2,137,255	3,867,726
Conveyance-Allowance	2,414,544	-
Canteen Expenses	1,347,153	690,513
Provident Fund	2,580,702	2,169,697
ESIC Account	1,041,738	654,218
Contribution to Gratuity Fund	724,911	411,309
Earned Leave Expense	262,147	35,093
Diwali Expenses	560,026	149,087
Bonus to Employees	3,550,363	3,006,572
Stipend to Employees	752,820	3,343,449
Medical Expenses	39,880	93,057
Total	80,307,603	61,799,772

SCHEDULE 23 ADMINISTRATIVE EXP		
Directors remuneration	4,650,000	3,900,000
Telephone Expenses	2,385,093	1,570,478
Electricity Charges	422,435	47,685
Conveyance Expenses	6,494,669	5,705,070
Office Expenses	511,936	219,965
Postage Expenses	737,129	198,509
Books & Newspaper	23,597	10,714
Membership Fees	137,090	56,076
Insurance	2,605,398	2,203,886
Stationery Expenses	1,062,183	361,401
House keeping Charges	546,284	750,127
Consultancy Charges	4,134,368	5,201,111
Sitting Fees	120,000	90,000
Software Development Expenses	808,124	499,720
Property Tax	197,758	580,706
Children Education Allowance	136,450	208,545
Registration Fees	60,175	258,316
Total	25,032,690	21,862,309

SCHEDULE 24 OTHER EXPENSES		
Taxes & Duties	15,997,322	5,020,967
Gardening Charges	234,410	355,602
Donations and Contributions	11,351	13,500
Loss on sale of fixed assets	1,959	-
Total	16,245,043	5,390,069

Schedule forming part of the Accounts

SCHEDULE 25 NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Assumptions

These accounts have been prepared under the historical cost convention on the basis of going concern, with revenue recognized and expenses accounted on their accrual, in accordance with the applicable accounting standard and relevant presentational requirements of the companies Act, 1956 unless otherwise stated.

2. Revenue Recognition:

Revenue on sale of goods is recognized on passes of title to the customers, sales are excluding of VAT/Sales Tax, Excise Duty and adjustment for rate difference.

3. Central Value Added Tax (CENVAT):

CENVAT claim on capital goods is reduced from the cost of respective cost of plant and machinery/capital work in progress. CENVAT claimed on purchase of raw material and others is reduced from the cost of such material.

4. Employee Benefit:

Retirement benefit plans

(a) 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.

(b) 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.

5. Fixed Assets

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

6. 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.

7. Value of Inventories

Inventories of Raw Material, Stores & Spares, Work in Process, Finished Goods are valued at net realisable value. The cost of Work in Process & Finished Goods is determined on absorption cost price, Raw Material; Stores & Spares are valued at average method.

8. Taxation

Current Income Tax provision has been determined based on relief, deduction available under the Income Tax Act. Deferred tax is recognized for all timing difference applying the tax rates that have been substantially enacted by the Balance- Sheet date.

9. Provision, 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.

Schedule forming part of the Accounts

SCHEDULE 25 NOTES TO THE ACCOUNTS (Contd.)

10. Foreign Currency Transaction:

- (i) Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Any income or expenses on account of exchange difference either on settlement or on translation are recognized in the Profit & Loss Account, except in case where they relate to acquisition of fixed assets, in such case, they are adjusted to the cost of such assets.

11. The Company has hedged interest rate on External Commercial Borrowing (ECB).

NOTES TO THE ACCOUNTS:-

1. Debtors, Creditors, Sundry Deposits, Loan & Advances and other liabilities are subject to confirmation and reconciliation if any.
2. Management has informed that in the absence of information from suppliers of their status being Small/Ancillary undertaking amount overdue and interest payable thereon cannot be quantified.

3. Basic and Diluted used in computing Earning per Share (Equity shares of ₹10 each)

(₹ in Lacs)

Sn	Particulars	Year ended 30.06.2010	Year ended 30.06.2009
1	Profit after Tax	1075.49	780.73
2	No. of Shares Outstanding (Nos.)	6222900	6222900
3	Earning Per Share-Basic	17.28	12.54
4	Earning Per Share-Diluted	15.76	10.12

4. Segment Reporting:

The Company primarily engaged in the business of manufacturing of Submersible Pumps and as such, there are no primary and secondary segments as per requirement of AS-17 issued by the Institute of Chartered Accountants of India on segment reporting.

5. Related Party Disclosure:-

- (i) The company in which relative of key management personnel exercises significant influence:-

Name of the Company	Nature of Relation
SPII Industries Limited	Promoters' Group Co

Transaction with relative company	
Purchase of rubber components	₹ 11242793.19
Sale of Die & Tools	₹ 3216207.30
Outstanding Balance (Credit)	₹ 3941824.52

6. Disclosure Regarding Derivative Instruments and un- hedged Foreign Currency Exposure:

The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	Amount in foreign currency USD	Amount in ₹
EXTERNAL COMMERCIAL BORROWING*	USD	3600000.00	169875070/-

*The Company is foreign currency earner and in view of this, the Company has not hedged foreign currency exposure

Schedule forming part of the Accounts

SCHEDULE 25 NOTES TO THE ACCOUNTS (Contd.)

7. Contingent liabilities are generally not provided for and are disclosed by way of notes to the accounts. (₹ in Lacs)

Sn	Particulars	30.06.2010	30.06.2009
1	Bank Guarantee Outstanding	100.00	56.72
2	Unexpired Letter of Credit	485.57	178.50
3	Bills Discounted	30.78	443.00
4	Excise demands under dispute	52.06	83.64

8. Auditors Remuneration includes the following:- (Amount in ₹)

Sn	Particulars	2009-10	2008-09
A	Statutory Audit Fees	120000	120000
B	Tax Audit Fees	100000	100000
C	Other Services	55000	55000
	Total	275000	275000

9. Directors Remuneration: (Amount in ₹)

	2009-10	2008-09
Salary	4650000/-	3900000/-
Perquisite	244450/-	190100/-

10. Additional information pursuant to the provisions of paragraph 3 & 4 part II of the schedule VI of the Companies Act, 1956.

		2009-10		2008-09	
	Unit	Quantity	Amount (in lacs)	Quantity	Amount (in lacs)
A	Licensed Capacity (in Nos.)		600000		600000
B	Production (in Nos.)		123375		112185
C	Turnover Submersible Pumps	Nos.	121838	107236	10674.58
D	Raw Materials & Stores Consumed		8177.83		7755.67
E	Opening Stock	Nos.	6993	2044	425.60
F	Closing Stock	Nos.	8530	6993	856.70
G	Value of Import on CIF Basis				
	Raw Materials		1868.47		1249.94
H	Expenditure in Foreign Currency		20.28		46.26
I	Export of Goods on FOB Basis		7494.68		5430.27

For Vinay Gandhi & Associates
Chartered Accountants

Vinay Gandhi
Proprietor
M. No. 75972

Place: Indore

Date : 9th September 2010

Manoj Maheshwari
Company Secretary

For and on behalf of the Board

Dinesh Patidar
Managing Director

Ramesh Patidar
Executive Director

Balance Sheet Abstract and the Company General Business Profile

I. Registration Details

CIN No. L29120MP1995PLC009327

Balance Sheet Date 3 0 0 6 2 0 1 0

State Code 1 0

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue N I L

Bonus Issue N I L

Right Issue N I L

Private Placement (Including Premium) N I L

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities 1 3 1 5 9 2

Total Assets 1 3 1 5 9 2

Sources of Funds

Paid-up Capital 6 2 2 2 9

Reserves & Surplus 4 4 5 0 9 9

Secured Loan 7 8 1 3 6 0

Unsecured Loan N I L

Deferred Tax Liabilities 2 7 2 2 9

Applications of Funds

Net Fixed Assets 5 2 3 2 2 8

Net Current Assets 7 6 6 9 3 0

Misc. Expenditure 2 5 7 5 8

Accumulated Losses N I L

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover 1 3 7 0 8 9 7

Total Expenditure 1 2 5 1 2 7 7

Earning per Share 1 7 . 2 8

Profit (loss) before tax 1 1 9 6 1 9

Profit (loss) after tax & Dividend 1 0 0 2 6 8

Dividend Rate (%) 1 0

V. Generic Names of Three Principal Products/Services of the Company (as per monetary items)

Item Code No. 8 4 1 3

ITC Code S U B M E R S I B L E P U M P S
Product Description

For Vinay Gandhi & Associates
Chartered Accountants

For and on behalf of the Board

Vinay Gandhi
Proprietor
M. No. 75972

Manoj Maheshwari
Company Secretary

Dinesh Patidar
Managing Director

Ramesh Patidar
Executive Director

Place: Indore

Date : 9th September 2010

Cash Flow Statement For the year ended 30.06.2010

(₹ in Lacs)

Particulars	Schedule No.	Year ended 30.06.2010	Year ended 30.06.2009
1. CASH FROM OPERATING ACTIVITIES			
Net Profit before tax		1,134	820
Proposed Dividend		62	62
Adjustment for Depreciation		349	292
Deferred Revenue Written Off		86	53
Other Income		(77)	(65)
Interest Paid		812	572
Operating Profit before W.C. Changes		2,366	1,734
Adjustment for change in trade and other receivables			
Inventory		(1,058)	(880)
Trade Receivables		(266)	(468)
Trade Payables		1,171	(221)
Direct Tax Paid		(35)	(25)
		(188)	(1,593)
Net Cash from operating activities		2,178	140
2. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(958)	(1,268)
Sale of Fixed Assets		-	-
Loan & Advances		(404)	(62)
Sundry Deposits		(86)	245
Other Income		77	65
Pre-operative Expenses		(51)	(14)
Net Cash used in Investment		(1,422)	(1,034)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital		-	-
Proceeds from issue of Share Capital(prem)		4	-
Proceeds from Long Term Borrowing		2,906	1,537
Proceeds from Unsecured Loan		(2,656)	(8)
Dividend & Tax Paid		(194)	(62)
Interest Paid		(812)	(572)
Net Cash used in Financing Activities		(752)	895
Net Increase in Cash/Cash Equivalent (1+2+3)		4	1
Cash/Cash Equivalent at the beginning of the year		11	11
Cash/Cash Equivalent at the end of the year		15	11

For Vinay Gandhi & Associates
Chartered Accountants

For and on behalf of the Board

Vinay Gandhi
Proprietor
M. No. 75972

Manoj Maheshwari
Company Secretary

Dinesh Patidar
Managing Director

Ramesh Patidar
Executive Director

Place: Indore

Date : 9th September 2010

Corporate Information

Board of Directors

Mr. Dinesh Patidar	<i>Chairman and Managing Director</i>
Mr. Sunil Patidar	<i>Executive Director</i>
Mr. P.L. Nene	<i>Independent Director</i>
Mr. S.S. Raghuwanshi	<i>Independent Director</i>
Mr. Lalit Garg	<i>Independent Director</i>
Mr. Ramesh Patidar	<i>Executive Director</i>
Mr. Raj Kumar Jain	<i>Independent Director</i>

Auditors

M/s. Vinay Gandhi & Associates
105, Man Heritage
6/2 South Tukoganj
Near High Court, Indore, 452001

Registered Office & Works

Plot No. 401, 402 and 413 Sector III
Industrial Area Pithampur Dist. Dhar [M.P.]

Financial Institutions

State Bank of India
Madhya Pradesh Financial Corporation

Registrar & 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

Website : www.shaktipumps.com



Shakti Pumps (India) Limited

Plot No. 401, 402 and 413 Sector III
Industrial Area Pithampur Dist. Dhar [M.P.]
www.shaktipumps.com