

Modernising Water Management

Empowering nations, communities and individuals



Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 ‘anticipate’, ‘estimate’, ‘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 achievements of results are 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 keep 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.

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A graphic for the Chairman's statement. It features a solid blue vertical bar on the left side. To the right of this bar is a grayscale photograph of a person's hands typing on a laptop keyboard. The text 'Chairman's statement' is written in white, sans-serif font across the blue bar and the photograph.

Chairman's statement

My heartiest greetings to you all on behalf of Shakti Pumps (I) Limited and its employees.

The unevenness of global economic recovery continued in a year marked by falling commodity prices, particularly crude oil and increasing financial market volatility in major economies. Many economies are under strain from the rebalancing of the Chinese economy and lower commodity prices. However, India continues to remain a bright spot and India's growth was driven by private consumption, which has benefited from lower energy prices and higher real incomes. With GDP growth rate of 7.6% in the year ended March 2016 reinforces India's position as the world's one of the fastest-growing large economy. However, two consecutive years of poor monsoon significantly impacted the rural income and growth.

Our business is linked to the global growth and farm income and on the face of it, the performance of the Company was less than satisfactory. However, I believe that Shakti Pumps is at an inflection point of significant growth.

Our domestic market business grew at 7% during the financial year ended March 2016 on the back of wider distribution reach, addition of new distributors and retailers as well as focused programmes targeting end consumers. Each of the domestic business segments, - agriculture, domestic, commercial and industrial segments witnessed healthy growth.

I am happy to report that all these activities were undertaken without the company losing focus on cash flows; this is reflected in lower receivable days compared to the earlier years. We continued our thrust on cash flow generation and not on pushing sales and higher receivables.

India is our largest market, and the change of government couple of years back, has enhanced optimism that the policy inaction of the past will reflect in a new direction for all industries including water pumps leading to enhanced sales.

Since around 20% of India's electricity is consumed at the farm level and the government is keen to reduce State Electricity Board losses through initiatives like UDAY, we believe that the demand for energy-efficient stainless steel pumps will only increase across the near future.

Still a part of India with no access to electricity and the SEBs reeling under huge losses making them unviable to procure power, there is a growing consensus in favour of subsidised solar-driven submersible pumps and energy efficient pumps.

Besides, the Indian government kick started a national infrastructural push to build more roads, homes, school toilets, connect rivers and clean the Ganges. At Shakti Pumps, we believe that each of these initiatives will warrant

significant investments in next-generation pumps.

The proposed introduction of the Goods and Services Tax from April 2017 could remove inter-state tax variations, reduce the competitiveness of unorganised pump manufacturers and enhance the proportion of organised manufacturers from 15 per cent of all new pump off-take to a projected 50 per cent over the foreseeable future.

Even as the Indian market appears encouraging, the international scenario has been challenging in terms of social, economic and political realities over the last two years with each region facing its challenges. The global economy was marked by sluggish growth in a number of countries, affecting their capacity to reinvest in their agricultural, industrial and infrastructure segments. This, in turn, impacted the sales of our products.

The Middle East, our strong international market, reported considerable socio-economic upheaval and declining oil prices, which affected buying capacity on the one hand and enhanced sales riskiness on the other.

During the year under review, exports accounted for 41% per cent of revenues compared to 55% in FY 2015, indicating a growing domestic sales contribution. Shakti Pumps continued to defocus on markets marked by stretched receivables; and focused on markets that generated robust sales and with limited risks. The result was demonstrated in lower receivables at the end of the year under review compared with the previous year. As a prudent plan, we are reducing our dependence on Middle East markets and expanding our presence in USA, Africa, Asia and Europe.

Shakti Pumps' products continue to be contemporary and futuristic. The company is prepared with technology, portfolio, capacity and quality standards benchmarked with the best in the world.

The company's energy efficient products deliver higher productivity, saving consumers precious time and cost. The company provides the entire range of water management pump-based solutions (except project pumps). The company possesses attractive operating leverage, which means that increased demand can be serviced from existing capacity. Further, we have invested significantly in developing a high quality team, expanding distribution network, retailer and mechanics to reach farmers, industrial and commercial clients.

At Shakti Pumps, we are investing in analytics to comprehend marketplace realities better, increasing the offtake of solar pumps (reverse osmosis and submersible) and DC pumps (for railways), reinforcing our marketing team, strengthening our engagements with retailers and influencers and restructuring the company to enhance competitiveness.

I would like to take this opportunity to thank all our stakeholders including Government, Shareholders, Employees, Suppliers, Distributors, Retailers and end Customers.

Dinesh Patidar,

Chairman

Management discussion and analysis



Global economic overview

Global output reported a slowdown and grew by 3.1% in 2015, against 3.4% in 2014. Global growth is projected at 3.4% in 2016 and 3.6% in 2017. Across advanced economies, a modest and uneven recovery is expected to continue with a gradual further narrowing of output gaps. The landscape for emerging market and developing economies is diverse but in many cases, challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices and strains across some large emerging market economies will continue to undermine global growth prospects in FY2016-17. The projected pickup in growth in the next two years – despite the ongoing slowdown in China – is primarily based on forecasts of a gradual improvement of growth rates in countries currently in economic distress.

Indian economic overview

India has emerged as the fastest-growing major economy in the world as per the Central Statistics Organisation and the International Monetary Fund. According to the Economic Survey 2015-16, the Indian economy will grow at a rate of more than 7% in FY2016-17. The improvement in India's economic fundamentals accelerated in the year 2015 thanks to the combined impact of strong governmental

reforms and decisive policies undertaken by the RBI to rein in inflation. Subsequently, India was ranked on top of the global consumer confidence index as per Nielsen. The agriculture sector grew by 1.2% compared to the advance estimate of 1.1% during the year in review. Currently, India's manufacturing sector contributes over 15% to its GDP. The Government of India, via the landmark 'Make in India' initiative, aims to boost the manufacturing sector by taking this share up to 25%.

Domestic Pump Market

- The pump market in India is valued at about INR 10000 cr. in 2015-16, and is expected to grow @ 7 to 8% annually.
- India's Agriculture sector consumes about 140 billion units a year which is equivalent to around 18% of total National electricity consumption of India
- Agro pumps growth depends on climatic situations, Govt policy and investments
- Fluctuations in ground water level is also increased demand of agricultural pump set
- Rising population & urbanization boosts the demand for pumps
- In spite of several challenges, Pump manufacturers in

India are continuously improving to enhance productivity, quality and service.

- There are lot of engineering expertise in pump manufacturing, to offer wide range of very efficient products
- Potential of 20% savings is estimated by mere replacement of in-efficient pump sets with star rated pump sets
- Market for the Energy Efficient Agriculture Pumps Growing because of star rating promotions by govt.

India wants to replace 26 million groundwater pumps for irrigation with more efficient pumps that run on solar power, in an effort to relieve farmers from poor quality limited availability grid electricity and high costs of diesel. Diesel generators are commonly used when grid power is unavailable, a common occurrence. Besides, the power used for pumping irrigation water is also one of the largest strains on the Indian Power Grid. Pumping water is critical for Indian agriculture, which otherwise relies on seasonal rain. Indian farmers are currently drawing more water than is sustainable, removing about 212 million mega litres from the ground each year to irrigate about 35 million hectares.

Falling prices of solar panels means that the payback for a solar water pump system is about one to four years. Some State Governments are subsidising most of the cost of the systems because it helps eliminate the billions of dollars in annual farm subsidies that go to farmers. (Source: <http://spectrum.ieee.org>)

Global Pump outlook

Global pump market is taking a hit from the plunge in oil prices, slowdown in big economies, geopolitical issue, etc. While Gains will be driven in developed nations by an improved fixed investment spending and by increased investment in water infrastructure and mining in developing countries.

"Pump World market" by Mcllvaine Company says a no of variables will determine the market growth of pumps including, for example the Iran nuclear agreement, the plunging economy in china, however drop in oil prices will have the most significant impact.

The industrial pump market is dominated by oil and gas, which represents 24% of the present market. However,

water and wastewater, power, refining, petrochemical and other industries account for 76% of the market. The demand for pumps continue to grow at 5% per annum and global submersible pump market is expected to be USD12.2 bn by 2020.

Demand drivers

Improving macroeconomic factors

Global demand for fluid handling pumps is projected to increase 5.5% per year in 2018. In developed nations, an improved economic environment will enable consumers to expand and upgrade facilities. In developing nations, increased infrastructural investments will catalyse demand for pumps. Continued growth in the mining sector will boost pump demand in countries with large mining industries. Growth in oil production will also provide opportunities, especially in newly-developed areas in need of infrastructural development.

Emerging pockets of growth

The Asia Pacific region is expected to account for 44% of new pump demand through 2018. Pump sales in the region will be based on advances in fixed investment expenditures and construction spending. Several Asian countries are projected to record impressive gains, including China and India. On a regional basis, Central and South America are expected to post the strongest annual gains, benefiting from ongoing industrialisation. The US will remain the largest national market through 2018, due to strong demand emanating from its manufacturing industrial, infrastructural and oil and gas segments.

Increasing disposable incomes

Pump demand from emerging nations will increase due to improving standards of living. With increasing demand for potable water supply and sanitation facilities, the ageing water infrastructure will need to be repaired and upgraded quicker. Demand in the oil and gas market will benefit from greater worldwide production volumes. Industrial valve and pump revenues will be spread evenly across industries such as power, refining, municipal water and wastewater, chemicals, food, mining and pharmaceuticals.

(Source: http://www.impeller.net/magazine/news_en/www.mcllvainecompany.com)

Bulk of the demand 24% for industrial pumps comes from

the oil and gas vertical. However, water and wastewater, power, petrochemicals and other industries account for the balance. The decline in oil prices has forced sectoral players to consolidate and deploy innovative operational procedures to improve energy efficiency. The state of global oil prices is still uncertain and is expected to have a significant impact on end-user industries across the globe. This, along with developments in subsea oil exploration, is opening up lucrative opportunities for pump manufacturers.

Performance highlights, FY2015-16

While the overall performance of the Company was not satisfactory during the year in review, it invested strategically in market & product development and strengthened its team to brighten its long-term prospects.

Two consecutive years of under par monsoons led to a sectorial slowdown. The solar energy segment also witnessed sluggish growth due to operational and policy-related issues. To protect the existing clientele and expand the reach the Company decided to incentivise sales, which led to a significant dip in margins.

With geopolitical issues cropping up in key markets, oil prices flat lined and currencies depreciated, complicating things further for Shakti. During the year, the scenario in the Middle East and Africa worsened. The result was that the Company's export earnings declined from ₹156 crore in FY2014-15 to ₹112 crore in FY2015-16. Some of its prominent customers in these regions decided to delay purchases.

Despite a less-than-optimal financial performance, the Company made significant strategic progress. By remaining responsive and guaranteeing round-the-clock availability of necessary resources, the Company made sure that it was ready to bounce back immediately when the markets improved.

Furthermore, it restrained from stretching receivables to earn additional revenues and instead focused on increasing cash flows.

Domestic market

Overall domestic revenues increased by 7% to Rs .158 crore from ₹146 crore in the previous year driven by superlative performances from the agriculture, domestic, industrial and commercial pumps verticals. Shakti worked towards

expanding its logistical and after-sales service network address consumer needs, swiftly and efficiently.

Agricultural pumps

The sector contracted by 0.2% y-o-y due to a below par monsoon. This forced consumers to postpone their pump purchases. However, things have begun to look up on the back of the Central Government's keen emphasis on energy efficiency via schemes like UDAY and EESL. The Central Government intends to replace old pumps with energy-efficient ones, raise awareness about them and bring more land under irrigation in the years ahead.

Solar pumps

The Company expected that there would be a significant demand for solar pumps during the year. However, this optimism did not correspondingly translate into large governmental tenders. On the contrary, the tenders that were announced evoked hope among farmers that the Central Government would continue to extensively subsidise the purchase of solar pumps. This led them to shelve their immediate procurement plans, affecting Shakti's offtake.

Industrial pumps

Despite an overall growth, demand for pumps from the infrastructure and industrial segments didn't increase proportionately. With the country's infrastructure and industrial growth expected to pick up in coming quarters, the demand for pumps will also pick up.

Export revenues

The biggest challenge that Shakti faced during the year was finding new export markets and deepening and widening its geographical presence. Its earlier focus was on taking out higher 'shop shares' has now higher 'country shares'. Shakti did achieve success in some markets like the US, Poland, Algeria and Mexico. Here's proof: US revenues increased from ₹9 crore to ₹18 crore during the last two years. The other markets that were targeted were Africa, Asia Pacific, Europe and Latin America. Improving lifestyles, increasing urbanisation and infrastructural development are expected to translate into a considerably improve product offtake in these geographies, going forward.

Countering the slowdown

The Company continued to promote the game changing attributes of solar pumps. Shakti's sales pitch revolved

around their affordability (triggered by a decline in the cost of solar panels coupled with increasing grid electricity costs). It continued to emphasise on the fact that this is essentially a zero-cost product across its life cycle and thus a cushion against impending inflation. Moreover, this portable product carried a five year payback at most, while its estimated life stood at around 20-25 years. The result was that from a position where this product generated no revenues as recently as four years ago, this product segment generated ₹30 crore during the year.

During the fiscal gone by, the Company invested in cutting-edge analytics to comprehend marketplace realities better. Shakti widened its exclusive dealer network, increased the offtake of solar pumps (both reverse osmosis and submersible) and DC pumps (for railways), reinforced its marketing team, strengthened ties with retailers and restructured the Company to enhance overall competitiveness.

Shakti targeted the African market with renewed enthusiasm. A number of the African countries are exactly at the same point on their economic journeys as India was about 25 years ago. Even as these countries remain relatively under-invested, they are steadily gaining traction leading to improved lifestyles. The Company is optimistic that this will catalyse offtake of submersible pumps in the years ahead.

Sectorial optimism

Even as 2015-16 was a year when the governmental tenders for solar pumps failed to meet the Company's expectations,

Shakti believes that the coming years will be substantially better. A few states that had postponed their purchases have already started issuing larger tenders. Moreover, the average tender size that used to be 1,500 pumps is now veering between 5,000 and 10,000 pumps. Besides, what used to be a tender with a mix of various pumps is now almost 100% solar, vindicating the Central Government's intent towards moderating electricity costs and moving towards futuristic products. What has been pleasantly surprising is that some PSUs have also started participating in tenders for these products.

There is a second point of optimism related to the prospects of solar submersible pumps. The International Solar Alliance, a joint initiative of the Indian and French Government intends to promote and market solar pumps across emerging markets via 120 fully-financed pilot programmes across 20 countries. The Alliance expects that 500,000 units (procured through international tenders) would be sold in Africa alone. Shakti believes that the upsides of this landmark initiative will start manifesting during the current financial year, strengthening its long-term prospects.

The third point of optimism is that following the collapse of public infrastructure in countries like Yemen and Syria, the need to draw sub-surface water without electricity has gained steam. In such a backdrop, the solar submersible pump has emerged as a saviour. During the last quarter alone, the Company has received several orders from these countries, a trend it believes will sustain.

key Union Budget announcements – related to Pump Industry

- Special focus has been given to ensure adequate and timely flow of credit to the farmers. Against the target of Rs 8.5 lac crore in 2015-16, the target for agricultural credit in 2016-17 will be an all-time high of ₹9 lac crore
- The Government has approved the path-breaking crop insurance scheme christened the Prime Minister Fasal Bima Yojana with a corpus of ₹5,500 crore. The farmer will pay a nominal amount of insurance premium and get the highest ever compensation in the event of any loss suffered.
- A sum of ₹38,500 crore has been allocated for MGNREGS.
- As on 23 February 2016, 5,542 villages have been electrified. The Government is committed to achieve 100%-village electrification by 1 May 2018. A sum of ₹8,500 crore has been provided under the Deendayal Upadhyaya Gram Jyoti Yojna and Integrated Power Development Schemes for the same.
- The Krishi Kalyan cess of 0.5% has been levied on all taxable services. Proceeds from the same would be exclusively channelised towards the welfare of farmers.
- Out of the 141 million hectares of net

cultivated area in the country, only 46% is covered under irrigation. The Pradhan Mantri Krishi Sinchai Yojana has been strengthened and will be implemented in mission mode. An additional 28.5 lac hectares will be brought under irrigation under this Scheme. The implementation of 89 irrigation projects under the AIBP, which have been languishing, will be fast-tracked. This will help irrigate an additional 80.6 lac hectares. These projects will require ₹17,000 crore in 2017 and ₹86,500 crore over the next five years in governmental investments.

- A dedicated long-term Irrigation Fund will be created under NABARD with an initial corpus of about Rs

20,000 crore.

- A sum of Rs.55,000 crore has been allocated towards the development of roadways and highways. This will be further topped up by additional ₹15,000 crore to be raised by NHAI through bonds. Thus, the total investment in the road sector during 2016-17 including the PMGSY allocation would be Rs97,000 crore.
- The Swachh Bharat Mission is India's biggest drive to improve sanitation and cleanliness, especially in rural India. This has become a topic of discussion in almost every home and Rs, 9,000 crore has been provided for the same.
- The Government will reorient its intervention in the farm and non-

farm sectors to double the income of the farmers by 2022. The total allocation for agriculture and farmers' welfare is ₹35,984 crore.

- To boost irrigational infrastructure, conserve soil fertility and improve farm-to-market connectivity, a total provision of Rs.12,517 crore has been announced. Simultaneously, a major programme for sustainable management of groundwater resources has been announced at an estimated cost of ₹6,000 crore. At least 5 lac ponds and dug wells in rain-fed areas and 10 lac compost pits for production of organic manure will be taken up by making productive use of the allocations under the MGNREGA.

• Allocation in related schemes (₹ crore)

| Schemes | BE 2016-17 |
|--|------------|
| Mahatma Gandhi National Rural Employment Guarantee Scheme | 38,500 |
| Green Revolution | 12,980 |
| Krishonnati Yojna | 7,580 |
| Rashtriya Krishi Vikas Yojna | 5,400 |
| White Revolution | 1,273 |
| Blue Revolution | 575 |
| Pradhan Mantri Krishi Sinchai Yojna | 5,717 |
| Har Khet Ko Pani | 500 |
| Accelerated Irrigation Benefit Programme and other schemes | 1,377 |
| Per Drop More Crop | 2,340 |
| Integrated Watershed Management Programme | 1,500 |
| Pradhan Mantri Gram Sadak Yojna | 19,000 |
| National Rural Drinking Water Programme | 5,000 |
| Swachh Bharat Abhiyan (SBA) | 11,300 |
| Urban Rejuvenation Mission (AMRUT + 100 Smart Cities) | 7,296 |
| Namame Gange | 2,250 |

• Allocations to related ministries (₹ crore)

| Ministry | Actual 14-15 | RE 15-16 | BE 16-17 |
|---|--------------|----------|----------|
| Ministry of Agriculture and Farmer Welfare | 25,917 | 22,958 | 44,485 |
| Ministry of Drinking Water and Sanitation | 12,091 | 10,907 | 14,010 |
| Ministry of New and Renewable Energy | 515 | 262 | 5,036 |
| Ministry of Road Transport and Highways | 33,048 | 47,107 | 57,976 |
| Ministry of Rural Development | 69,817 | 79,279 | 87,765 |
| Ministry of Urban Development | 13,254 | 1,8340 | 24,523 |
| Ministry of Water Resources, River Development and Ganga Rejuvenation | 5,480 | 7,032 | 6,201 |

| Sector | Actual 14-15 | RE 2015-16 | BE 2016-17 | IEBR | 2016-17 |
|---|--------------|------------|------------|--------|---------|
| Agriculture and irrigation | 31,497 | 25,988 | 47,912 | 6,300 | 54,212 |
| Social sectors including education and health | 136,431 | 139,619 | 151,581 | – | – |
| Rural development and drinking water | 81,908 | 90,185 | 101,775 | – | – |
| Infrastructure and energy | 18,5139 | 180,610 | 221,246 | 25,000 | 246,246 |

Managing risk effectively

Shakti operates in a complex global environment fraught with risks where risks offer opportunities as well as challenges. The Company's objective has always been to take advantage of attractive opportunities whilst ensuring that the organisation has not been exposed to excessive risk. The Company has ensured that all risks were identified, analysed and mitigated in a timely and cost-effective manner.

Economic risk

A slowdown in the Indian economy could adversely impact the pump industry as demand may fall due to decreased consumption patterns and lower spending by the Government and other private players in the agriculture, infrastructure and commercial segments.

India's growth story has remained largely positive over the last couple of years with the country's GDP increasing to from 7.2% in 2014-15 to 7.6% in 2015-16. Growth in the economy will result in increased investment and spending in all sectors including agriculture, infrastructure and real estate. This is expected to boost the sale of energy efficient pumps. The Central Government also plans to replace 26 million groundwater pumps with energy efficient pumps running on solar panels. An investment of \$1.6 billion is

required over the next five years to hive off the first 200,000 pumps.

Geopolitical risk

The Company sells its products across the world over 100 countries. Any sort of geopolitical tension such as political changes or instability in a country could affect the product sales and realisations. The Company has managed to widen its export market from 70 countries to over 100 in the last four years. This should diversify the risk even if geopolitical stability were to occur in certain areas. No country (except for India) accounted for more than 10% of the Company's revenues during the year under review. To further counter this risk, the Company has consciously decided to enter into newer territories and penetrate deeper in a few existing countries depending on market potential.

Competition risk

Increased competition could impact the Company's market share and growth prospects. To counter this risk, the Company has been investing in technology to widen its competitive moat. By building a highly skilled team comprising of individuals from various professional fields, the Company has also been able to significantly strengthen its human capital across all business verticals. Products that

have been introduced in the last three years account for more than 25% of the Company's revenues in 2015-16.

The Company positions its products around performance which is measured through water throughput, maintenance costs, electricity moderation and time saving. As a result of this, customers gain a superior product performance validated through quicker payback. The Company is among select industry peers who manufacture pumps that can be used down to 2,000 feet. The Company's capacity utilisation at around 45% in 2015-16 indicate a high operating leverage which can widen net margins without any significant increment to capex.

Climatic risk

Climatic variations can affect farm viability, as a result of which capacity of farmers to invest in pumps could decrease. Over the last few years the Company has not only widened its global footprint, but also widened its sectoral presence. By diversifying its markets and target consumers, the Company has substantially mitigated this risk. An unforeseen climatic aberration in a few countries should be more than neutralised by favourable climatic conditions in other countries and industries.

Subsidy risk

Subsidised power supplied to the agricultural sector could have contributed to the continuation in use of energy inefficient pumps. The Company considers the subsidy-driven environment to be a restraining factor in the growth of the market for stainless steel submersible pumps. As subsidies moderate, farmers will have to seriously consider energy efficient cost-saving tools and equipment.

Delay in remitting the subsidy portion of solar pumps could impact the success of the solar pumps implementation programme. The Central Government should take steps to ensure that the subsidy portion of the product is remitted to the suppliers of the pumps at the earliest to ensure success of this programme, as this ensure that suppliers get their dues on time thereby ensuring sufficient margins.

Human Resource Development/ Industrial Relations

There is a continuous effort for better Human Resources (HR) service delivery in order to better serve the customers with simple well executed processes with proper use of technology. HR services delivery has become all the more critical in the organization due to rise in customer expectation.

The organization has mechanism to provide employees with feedback on a continuous basis. Based on organizations strategic plan, HR planning processes map capacity of the organization. The knowledge, skills and abilities of the employees are identified.

The strategic thrust of HR has been Improvement of the performance of the employees through training and development and also to identify high performers who are having potential for taking higher responsibilities.

The Company had 649 permanent employees on its roll at the close of business of hours on 31st March 2016. Industrial relations continued to remain cordial throughout the year at all the unit.

Internal Financial Control

The Company has reasonable system of internal control comprising authority levels and powers, supervision, checks, and balances, policies and procedures. The system is reviewed and updated on-going concern basis. The Company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use of external management assurance services. The Company has in place a well-defined internal audit system whereby an internal audit is performed across locations of the Company and the results of the audit findings are reviewed by the Audit Committee.



Shakti Pumps (India) Limited

CIN: L29120MP1995PLC009327

Plot No. 401, 402, 413, Sector III, Industrial Area, Pithampur Dist. Dhar- M.P.-454774.

Tel:- 07292 410552 | Fax:- 07292 410519 | Email:-cs@shaktipumpsindia.com

Notice

Notice is hereby given that the 21st Annual General Meeting (AGM) of the members of Shakti Pumps (India) Limited will be held at the Registered Office of the Company at Plot No. 401, 402 & 413 Sector III, Industrial Area, Pithampur - 454774 on 27th September, 2016, Tuesday, at 11.30 A.M. to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 including Audited Balance Sheet as at 31st March 2016 and the Statement of Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of ₹1.5/- Per Equity Share of ₹10/- each of the Company for the Financial Year ended March, 31, 2016.
3. To appoint Director in place of Mr. Ramesh Patidar (DIN:00931437), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of section 139, 141 and 142 and all other applicable provisions of Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the company be and hereby appoints M/s. Modi Manoj & Co. (Firm Registration No. 030165N) as Statutory Auditors of the Company to hold office from the conclusion of this 21st Annual General Meeting till the conclusion of the 25th Annual General Meeting of the Company, on such remuneration as may be agreed upon between the Board of Directors or any Committee

thereof and the Statutory Auditors, in addition to the reimbursement of service tax and actual out of pocket expenses incurred in relation with the audit of accounts of the Company.

Special Business

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. M. P. Turakhia & Associates, Cost Accountants (Firm Registration No. 000417) appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2016-17, be paid a remuneration of ₹50,000/ per annum plus applicable service tax and out of pocket expenses that may be incurred.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provision of sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under

(including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, approval be and is hereby granted to the re-appointment of Mr. Sunil Patidar (DIN: 02561763), as the Whole time Director of the Company, for a period of Five years from 29th January 2016 till 28th January, 2021, and for the payment of his remuneration, perquisites, and benefit arising out of such re-appointment on the terms and conditions as contained in the agreement entered into between the Company and Mr. Sunil Patidar, the material terms of which are set out in the Explanatory Statement to this notice, and which agreement is submitted to this meeting for its approval.

FURTHER RESOLVED THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid Resolution, including the alteration and variation in the terms and conditions of the said re-appointment and/or agreement so not to exceed the limits specified in schedule V to the Companies Act, 2013, or any amendment thereto as may be agreed between the Board of Directors and Mr. Sunil Patidar”.

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

“RESOLVED THAT subject to the approval of Central Government and pursuant to section 197(10) of the Companies Act, 2013 and other applicable provisions of the Act Read with the Companies (Appointment and Remuneration of Managerial Personnel) rules 2014 and all other guidelines for managerial remuneration issued by the Central Government from time to time and such other consents and approvals as may be deemed necessary, the consent of the members be and is hereby accorded to waive the recovery of excess remuneration of ₹48,00,000/- paid to Mr. Dinesh Patidar Chairman &

Managing Director (DIN 00549552) of the Company for Financial Year 2015-16 as per the terms of remuneration approved by the members of the Company by ordinary resolution at Annual General Meeting held on 26th September 2015.

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

“RESOLVED THAT pursuant to provision of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) and / or the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company’s shares are listed, in connection with issuance of 15,00,000 (Fifteen Lakhs) Compulsory Convertible Preference Shares (“CCPS”) on a preferential basis to AFHoldings the members of the Company have approved 20.09.2014 (Saturday) as relevant date for the purpose of calculation of price as per the provision of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 relevant date should not be on holiday, Consent of the member of the Company be and are hereby granted for change in relevant date to 19.09.2014 from 20.09.2014 as the 20.09.2014 being Saturday and relevant date cannot be on a holiday. This pertains to the issuance of 1500000 Compulsory Convertible Preference Shares to AFHoldings.

For and on the behalf of the Board

For **Shakti Pumps (India) Limited**

Place: Pithampur
Date: 26/07/2016

R. Shadananan
Company Secretary
M. No. ACS 39143

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 the meeting. Members/ Proxies should bring their attendance slip duly filled in order to attend the meeting. A person can act as proxy on behalf of members' not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereunder and forms part of the Notice.
3. Brief resume of Directors those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, and SEBI (LODR) Regulation 2015 are provided in the Corporate Governance Report forming part of the Annual Report.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Book of the Company shall remain closed from Tuesday, September 20, 2016 to Tuesday, September 27, 2016 (both days inclusive).
6. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched to those members whose names shall appear on the Company's Register of Members on 19th September, 2016; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by Central Depository Services (India) Limited & National securities depository Limited (NSDL) as beneficial owners on that date.
7. 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.
8. 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, 19/20, Jaferbhoy Industrial Estate, 1st floor Makwana Road, Marol Naka Mumbai, Maharashtra - 400059.
9. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
10. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Share Transfer Agent.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
13. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend.

The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
14. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the Concerned Depository Participant and holdings should be verified.
15. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard

copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.

16. Electronic copy of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

17. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website at www.shaktipumps.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours (11.00 A.M. to 5.00 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send request to the Company's investor email id: cs@shaktipumpsindia.com.

18. E-voting

The instructions for shareholders voting electronically are as under:-

- (i) The voting period begins on 24th September 2016, 9.00 a.m. and ends on 26th September 2016, 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20th September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

| | |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Shakti Pumps (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's

mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:–

- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of 19th September, 2016.
- Mr. Manish Maheshwari, Proprietor M/s M. Maheshwari & Associates, Company Secretaries (Membership No. FCS: 5174, CP No. 3860) has been appointed as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through Remote E-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall make, not later than forty eight (48) hours of conclusion of the AGM, a consolidated scrutinizer's report, of the total votes cast in favour or against, if any to the Chairman of AGM or any other person authorized by him in writing who shall countersign the same and declare the result of the voting. The results declared along with

Scrutinizer's Report shall be placed on the Company's website www.shaktipumps.com and on the website of CDSL immediately after the result is declared.

For and on the behalf of the Board
For **Shakti Pumps (India) Limited**

Place: Pithampur
Date: 26/07/2016

R. Shadananan
Company Secretary
M. No. ACS 39143

Annexure to the Notice

Explanatory Statement in respect of Special Business Pursuant to Section 102 of The Companies Act, 2013.

Item No. 5

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company. On the recommendation of the Audit Committee at its meeting held on May 30, 2016, the Board has, considered and approved the appointment of M/s. M. P. Turakhia & Associates, Cost Accountants as the cost auditor for the financial year 2016-17 at a remuneration of ₹50,000/- per annum plus applicable service tax and reimbursement of out of pocket expenses.

The Board recommends this Ordinary resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 6

The tenure of Mr. Sunil Patidar, as the Whole time Director of the Company to be expired on 29th January 2016. Based on the recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 12th February 2016, has re-appointed as Whole-time Director for a further period of five years commencing from 29th January, 2016 till 28th January, 2021, on the following terms and conditions, subject to the approval by the members of the Company

at this AGM. The remuneration payable to Mr. Sunil Patidar as contained in the agreement signed between Mr. Sunil Patidar and Company is within the limits prescribed in the Companies Act, 2013 ("the Act"), A brief profile of Mr. Sunil Patidar is included as an annexure to this Notice as per the requirements of regulation 17 SEBI (Listing obligation and disclosure requirements) Regulation, 2015.

The terms and conditions on which Mr. Sunil Patidar is proposed to be re-appointed as Whole –time Director are as under:-

a) Term:

The term of Whole–Time Director is for a period commencing from 29th January, 2016 till 28th January, 2021.

b) Salary:

₹1,00,000/- (Rupees One lacs only) per month.

Perquisites:

The perquisites shall be valued as per Income Tax Rules, 1962. The following benefits and perquisites allowances as may be determined by the Board from time to time over and above the Salary. For this purpose, perquisites will be as follows:-

- Medical Reimbursement:** The reimbursement of actual medical expenses incurred by self and family of the Whole time Director.
- Health Insurance:** Health Insurance premium for covering self and dependant family members of Mr. Sunil Patidar.

3. **Leave Travel Concession:** For self and family once in a year.
4. **Leave:** As per the Rules of the Company applicable to the Senior Executives.
5. **Accident Insurance:** Premium not to exceed ₹12,000/- per annum.
6. **Car:** Facility of Company Car with Driver.
7. **Education Allowances:** Upto ₹3,00,000 per annum. (Not Part of Salary)

c) Other Benefits:

In addition to the perquisites, the Whole time Director shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above:-

1. **Provident Fund:** Company's Contribution towards Provident Fund at the rate of 12% of the salary or such rate prescribed as per Employees' provident fund and Miscellaneous Provisions Act, 1952.
2. **Superannuation Fund:** Company's Contribution subject to a maximum of 15% of the Salary for every completed year of service.
3. **Gratuity:** As per the rules of the Company applicable to the Senior Executive.
4. **Leave Encashment:** Payable annually-in excess of 90 days.

d) Minimum Remuneration:

Notwithstanding anything herein above stated where in any accounting year, the company incurs a loss or its profit are in adequate, the Company shall continue to pay the same remuneration as stated above as minimum remuneration but not exceeding the limit specified under Part II of Section II of Schedule V of the Companies Act, 2013, or such other limits as may be approved by the Central Government from time to time as minimum remuneration.

Considering the Vast knowledge and rich business experience of Mr. Sunil Patidar, the Board recommends the passing of said Special resolution in the interest of the Company.

None of the Directors, Key managerial personnel and relatives of such persons except Mr. Sunil Patidar and Mr. Dinesh Patidar is, in any way, concerned or interested, financially or otherwise, in the Resolution. Mr. Sunil Patidar is a Brother of Mr. Dinesh Patidar Managing Director of the Company.

The Board recommends the Special Resolution set out at Item no. 6 for approval of the Members.

Item No. 7

During the year 2015-16 company has paid remuneration of ₹1,68,00,000/- to Mr. Dinesh Patidar Managing Director of the Company which have exceeded the limits prescribed in Section II part II of Schedule V read with Section 197, and other applicable provisions of the Companies Act, 2013 by ₹48,00,000/-.

However Remuneration paid to the Managing Director has become excess purely on account of the abnormal reduction in profit due to drastic reduction in export Sales during the year.

Mr. Dinesh Patidar is associated with this Company for the last thirty years and as a matter of fact he is the spirit behind this organization and with his hard work and dedication only this company has become one of the leading pump manufacturers in the world.

Considering the above facts and the vast experience of three decades he is having in this field and comparing the salary of other persons of similar position in the same industry, salary paid to Mr. Dinesh Patidar is quite reasonable even in this adverse period. Accord your approval for waiving of recovery of the excess amount paid to Mr. Dinesh Patidar Managing Director (DIN 00549552) ₹48,00,000/- for Financial 2015-16 subject to Central Government approval for which application has to be filed.

None of the Directors, Key managerial personnel and relatives of such persons except Mr. Sunil Patidar and Mr. Dinesh Patidar is, in any way, concerned or interested, financially or otherwise, in the Resolution. Mr. Dinesh Patidar Managing Director, is a Brother of Mr. Sunil Patidar Whole time Director of the Company.

The Board recommends the Special Resolution set out at Item no. 8 for approval of the Members.

Item No.8

As per the provision of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), the members of Company have approved by way of Special resolution at Extra Ordinary General Meeting held on 20th October 2014 the issuance of 15,00,000 (Fifteen Lakhs) Compulsory Convertible Preference Shares ("CCPS") on a preferential basis to AFHoldings and the members of Company also approved

the relevant date for the determination of issue price of CCPS which has to be 30 days prior to the date of Extra Ordinary General. Therefore the relevant date 20th September 2014 was approved by the Members at the Extra Ordinary General Meeting.

The Relevant date which have been decided by Members being Saturday and as per the guidelines of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 Saturday being holiday, and the relevant date should not be on holiday.

Considering the above facts the Company has decided to change its relevant date from 20th September 2014 to 19th September 2014.

None of the Directors, Key managerial personnel and relatives of such persons except Mr. Sridhar Narayan is, in

any way, concerned or interested, financially or otherwise, in the Resolution.

The Board recommends the Ordinary Resolution set out at Item no. 7 for approval of the Members.

As the issue price CCPS continues to be higher than the cut-off price based on revised relevant date.

For and on the behalf of the Board
For **Shakti Pumps (India) Limited**

Place: Pithampur
Date: 26/07/2016

R. Shadananan
Company Secretary
M. No. ACS 39143

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

| Name of Directors | Mr. Ramesh Patidar | Mr. Sunil Patidar |
|---|------------------------|--|
| Date of Birth | January 25, 1973 | July 13, 1969 |
| Expertise in specific functional areas | International Business | Human resources Management and Industrial Relations |
| Date of appointment | 17.10.2006 | 21.04.1995 |
| No. of Equity Share held in the Company | 76848 Shares | 156200 Shares |
| Disclosure of relationships between directors inter-se | Nil | Brother of Mr. Dinesh Patidar (Chairman and Managing Director) |
| Qualification | M.B.A. | Graduate |
| List of outside Directorship held in Public Company | Nil | Shakti Irrigation India Limited |
| Chairman/Member of the Committee of the Board of Directors of the Company | Nil | Nil |
| Chairman/Member of the Committee of the Board of Directors of other Companies | Nil | Nil |

Boards' Report



Dear members

Your Directors have great pleasure in presenting the 21st Annual Report and the Company's Audited Financial Statement for the financial year ended March 31, 2016.

Financial Highlights

The financial Summary

(₹ In Lacs)

| Particulars | 2015-16 | 2014-15 |
|--|-----------|-----------|
| Sales & Other Income | 27,222.22 | 30,997.50 |
| Profit before Finance Cost, Depreciation & Tax | 2,949.70 | 5,801.48 |
| Less: Finance Cost | 1,400.60 | 1,316.64 |
| Depreciation & Amortization Expenses | 1,206.25 | 982.36 |
| Profit before Tax | 342.84 | 3,502.47 |
| Current Tax | 73.79 | 880.04 |
| Deferred Tax | 71.55 | 50.04 |
| Profit after Tax | 197.50 | 2,572.02 |

Financial Performance

During the year, your Company has registered sales and other income ₹27,222.22 Lacs as compared to ₹30,997.50 Lacs during previous year, a decrease of 12.18% while the domestic sales up by 7.36% to ₹15,147.84 Lacs, export sales declined by 28% to ₹11,236.94 Lacs. This was primarily due to slackness in international market as a result of its lower sales and corresponding impact of operational leverage. The Company earned profit before depreciation, interest and tax of ₹2,949.70

Lacs as against ₹5801.48 Lacs in the previous year. Company has already taken effective steps to improve the earnings and is confident of attaining better results during the year.

Dividend

The Board has paid a dividend at the stipulated rate of ₹15 per share on the 15% compulsory convertible Preference Shares of ₹100/- each of the Company for the year ended March 31, 2016. Considering the Company's performance and financial position for the year under review, the Board has also recommended a dividend of ₹1.5/- (15%) per fully paid-up Equity Share of ₹10/- each of the Company, for the year ended March 31, 2016, subject to the approval of the Members at the ensuing Annual General meeting. The Compulsory Convertible Preference Shares has been converted into equity shares on 9th May, 2016. Therefore the holders of equity shares after conversion is not entitled to receive dividend declared on equity shares.

Transfer of Reserve

Company has transferred/utilized a sum of ₹2,51,15,690/- from Reserves for distributing dividend as there was no sufficient accrual during the current year for distribution of dividend.

Listing Informations

The shares of the Company are listed with the BSE Limited and also at National Stock Exchange of India Limited (NSE).

Share Capital

There is no change in the authorized share capital of the company and the authorized share capital of the Company as on 31st March, 2016 is ₹40,00,00,000.

The paid up share capital of the Company as on 31st March, 2016 is ₹31,74,37,930/- During the year under review the Company has not issued any Equity shares.

Subsidiaries, Joint Ventures And Associates Companies

As on March 31, 2016 your Company is having following Subsidiaries:

1. Shakti Pumps LLC, USA
2. Shakti Pumps FZE, UAE
3. Shakti Pumps PTY LTD Australia

There has been no material change in the nature of the business of the Company and its Subsidiary.

The Consolidated Financial Statement of the Company prepared as per the Accounting standards AS-21, AS-23, & AS-27, Consolidated Financial Statement of the company with its Subsidiaries have also been included as part of this Annual Report.

Directors Responsibility Statement

As required by section 134 (3) (c) of Companies Act 2013.

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Management Discussion and Analysis Report

The Management Discussion and Analysis forms an integral part of this Report and gives detail of the overall industry structure, developments, performance and state of affairs of the Company's various businesses, in domestic and International pump business, internal controls and their adequacy, risk management systems and other material developments during the financial year.

Corporate Governance

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organizations brand and reputation. The Companies Act, 2013 and amended Listing Agreement and SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 have strengthened the governance regime in the country. The Company is in compliance with the governance requirements provided under the new law and had proactively adopted many provisions of the new law, ahead of time. The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance A Certificate of the MD and CFO of the Company, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

Deposits

During the financial year 2015-16, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

Details of Significant and Materials Order Passed by the Regulators, Courts, Tribunal

No significant and material order has been passed by the regulator, courts, tribunals impacting the going concern status and Companies operations in future.

Corporate Social Responsibility

In line with provision of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) policy for the development of programs and projects for the benefit of weaker sections of the Society and the same has been approved by CSR Committee and the Board of Directors of the Company.

CSR policy has been uploaded on the Company's website at www.shaktipumps.com.

Pursuant to requirements under section 135 and rules made there under a Report on CSR activities and initiatives taken during the in prescribed format is given in **Annexure I** which is annexed hereto and forms part of Director report.

Risk Management

Risk management is the process of identification, assessment, and prioritization, of risk followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The Company has laid a comprehensive risk assessments and minimization procedure which is reviewed by the audit committee and approved by Board.

Internal Financial Control

According to Section 134(5)(e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Contracts and Arrangements with Related Parties

All transactions entered with related parties during the financial year 2015-16, were on an arm's length basis and were in ordinary course of Business and the provisions of Section 188 of the Companies Act, 2013 are not attracted. Therefore a NIL report attached in form AOC-2 as **Annexure II**. Further, there are no materially significant related party transactions during the year made by the Company with promoter, Directors, Key Managerial personnel or other designated persons which may have potential conflict with the interest of the Company at large.

All related party transaction are placed before the audit committee for approval. Prior omnibus approval of the audit committee is obtained for the transaction which is of a foreseen and repetitive nature. Transaction entered into pursuant to omnibus approval so granted along with statements giving details of all related party transaction are placed before the audit Committee.

In line with the requirements of the Companies Act, 2013 and SEBI Listing Regulation 2015, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.shaktipumps.com.

Directors

Mr. Ramesh Patidar Whole-Time Director (DIN 00931437) retires from the Board by rotation and being eligible, offer himself for reappointment.

The above is subject to approval of the Shareholders in the ensuing Annual General Meeting.

Policy on Director's Appointment and Remuneration and Other Details

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors. The Nomination and Remuneration Policy for the members of Board and Executive Management is available on the Company's website, www.shaktipumps.com.

Annual Evaluation of Board's Performance

In accordance with the provisions of Schedule IV of the Companies Act 2013, a Separate Meeting of the Independent Directors was held on November 06, 2015. Without the attendance of Non-Independent Directors and Members of the Management. The Committee has reviewed the performance and effectiveness of the Board in this meeting as a whole for the Financial Year 2015-16.

Key Managerial Personnel

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:-

Mr. Dinesh Patidar: - Managing Director (DIN: 00549552)

Mr. Sunil Patidar: - Whole Time Director (DIN: 02561763)

Mr. Ramesh Patidar:- Whole Time Director (DIN: 00931437)

Mr. Akhilesh Maru: Chief Financial Officer

Mr. R. Shadananan: Company Secretary & Compliance Officer (w.e.f. 1st May, 2015)

Number of Meetings of The Board

The details of the number of Board Meetings and Audit Committee meetings of the Company are set out in the Corporate Governance Report which forms part of this Report.

Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and Particulars of Employees:

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as marked as **Annexure III**.

Disclosure by Independent Directors

All Independent Directors have given their declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement/Relevant Provisions of SEBI Listing Regulations.

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has a policy and it provides for protection against sexual harassment of woman at work place and for prevention and redressal of such complaints.

The Company has zero tolerance on Sexual Harassment at workplace. During the year under review, no complaints were received against the sexual harassment at workplace.

Auditors

The Companies auditors M/s Vinay Gandhi & Associates, Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming AGM and being not eligible for reappointment have tendered their resignation. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s Modi Manoj & Co., Chartered Accountants having Firm Registration No. 030165N, New Delhi, who have given their consent as per the provisions of section 139 (1) to act as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the twenty-fifth AGM to be held in the year 2021, subject to approval of Members in Annual General Meeting.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board has appointed M/s M. Maheshwari & Associates, Company Secretary to conduct the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report is annexed herewith "**Annexure IV**" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditor

As per the requirement of Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has been carrying out audit of Cost Records.

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Mihir Turkhia & Associates, Cost Accountant, as Cost Auditor to audit the cost accounts of the Company for the Financial Year 2016-17 at a remuneration of ₹50,000/- As required under the Companies Act, 2013. a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

Extract of Annual Return

The extract of Annual Return as on March 31, 2016 in the prescribed Form No. MGT-9, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies(Management and Administration) Rules, 2014 is attached herewith as "**Annexure V**" and forms part of this Report.

Vigil Mechanism

The Company has framed a Vigil Mechanism/Whistle Blower policy to deal with unethical behavior actual or suspected fraud or violation of the Companies Code of Conducts or ethics policy, if any. The Vigil Mechanism/ Whistle Blower policy has been uploaded on the website of the Company.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

The Details of loans, guarantees or investments covered under the provision of under Section 186 of the Companies Act, 2013 are given in the Note to the Financial Statement.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out herewith as "**Annexure VI**" to this Report.

Acknowledgement

The Directors of the Company wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

The Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors

Place: Pithampur
Dated: 26.07.2016

Dinesh Patidar
Chairman & Managing Director
(DIN: 00549552)

Annexure -I

Corporate Social Responsibility (CSR) Activities

A brief outline of the company’s CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy of the Company

Our aim is to be one of the most respected companies in India delivering superior and everlasting value to all our customers, associates, shareholders, employees and Society at large. The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society. To pursue these objectives we will continue to:

1. Work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, provide medical aid to the needy and down trodden.
2. Collaborate with likeminded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals.
3. Interact regularly with stakeholders, review and publicly report our CSR initiatives.

The CSR policy is available on the Company’s website www.shaktipumps.com. Average net profit of the company for last three financial years: Average net Profit ₹30,78,00,983/-

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above) The Company is required to spend ₹61,56,020/- and Previous year unspent amount ₹2,58,492/-

The Total Amount required to be spent for the Financial 2015-16 of ₹64,14,512/-

5. Details of CSR spent for the financial year:
 - a) Total amount to be spent for the financial year 2015-16: ₹64,14,512/-
 - b) Amount unspent: ₹48,07,062/-
 - c) Manner in which the amount spent during the financial year is detailed below:

| Sl. No. | CSR Project or Activity identified | Sector in Which the project is Covered | Projects or Programs (1) Local Area or other (2) Specify the State and District where Projects or Programs was undertaken | Amount Outlay (Budget) project or programs wise (₹) | Amount spent on the project or programs (₹) | Cumulative expenditure up to reporting period (₹) | Amount spent: Direct or through Implementing agency (₹) |
|---------|------------------------------------|--|---|---|---|---|---|
| 1 | Bal Mahotsav, Mhow | Promote education | Mhow | 5,100 | 5,100 | 5,100 | 0 |
| 2 | GSITS Students Fees | Promote education | Indore | 60,000 | 56,611 | 61,711 | 0 |
| 3 | Social welfare | Social | Indore | 2,000 | 2,000 | 63,711 | 0 |
| 4 | Medical Aid | Healthcare | Indore | 21,000 | 21,000 | 84,711 | 0 |

| Sl. No. | CSR Project or Activity identified | Sector in Which the project is Covered | Projects or Programs (1) Local Area or other (2) Specify the State and District where Projects or Programs was undertaken | Amount Outlay (Budget) project or programs wise (₹) | Amount spent on the project or programs (₹) | Cumulative expenditure up to reporting period (₹) | Amount spent: Direct or through Implementing agency (₹) |
|---------|------------------------------------|--|---|---|---|---|---|
| 5 | Shakti Foundation | Healthcare | Rau | 15,00,000 | 10,50,000 | 11,34,711 | 0 |
| 6 | Installation of solar system | Social | Kasrawad | 5,00,000 | 4,70,739 | 16,05,450 | 0 |
| 7 | Social welfare | Social | Indore | 2,000 | 2,000 | 16,07,450 | 0 |

Implementing Agency:

6. During the financial year Company has spent ₹16,07,450/- out of ₹64,14,512/- and the Company could not spend the remaining balance amount due to difficulties of fund allocation and need more time for verification of various proposals received from Implementing Agencies. Company is fully committed & dedicated towards its Social Responsibility. The balance amount will be spent in the financial year 2016-17.
7. The CSR Committee of the Board of Directors hereby confirms that implementation and Monitoring is fully accordance with the CSR Policy of the Company. The amount spent under CSR activities was fully complied with CSR objective and Policy of the Company. The said contribution does not violate any provision of the Companies Act, 2013 and Rules made their under.

Signature
Dinesh Patidar
Managing Director
(DIN: 00549552)

Signature
CS Navin Patwa
Chairman CSR Committee
(DIN: 01009404)

Annexure -II

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm’s length basis.

| Sl. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | NA |
| b) | Nature of contracts/arrangements/transaction | NA |
| c) | Duration of the contracts/arrangements/transaction | NA |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| e) | Justification for entering into such contracts or arrangements or transactions' | NA |
| f) | Date of approval by the Board | NA |
| g) | Amount paid as advances, if any | NA |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NA |

2. Details of contracts or arrangements or transactions at Arm’s length basis.

| Sl. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | NA |
| b) | Nature of contracts/arrangements/transaction | NA |
| c) | Duration of the contracts/arrangements/transaction | NA |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| e) | Date of approval by the Board | NA |
| f) | Amount paid as advances, if any | NA |

Appointment and Remuneration of Managerial Personnel

Details Pertaining to Remuneration as required Under Section 197 (12) of The Companies Act 2013 Read with Rule 5(1) of The Companies (Appointment And Remuneration Managerial Personnel) Rule 2014.

- i) The percentage increase in Remuneration of each Director Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2015-16 and ratio of remuneration of each key managerial personnel (KMP) against the performance are as under:-

| S. No | Name of Director/KMP and Designation | Remuneration of Director/KMP for the Financial year 2015-16 (In ₹) | Percentage Increase in Remuneration for the Financial Year 2015-16 | Ratio of Remuneration of each Director to the Median Remuneration of Employees |
|-------|--|--|--|--|
| 1 | Mr. Dinesh Patidar Managing Director | 1,68,00,000 | 0.00% | 91:1 |
| 2 | Mr. Sunil Patidar Whole- Time Director | 13,09,600 | 0.41% | 7.12:1 |
| 3 | Mr. Ramesh Patidar Whole Time Director | 20,93,220 | 2.64% | 11.38:1 |
| 4 | Mr. Akhilesh Maru CFO | 20,09,662 | 7.91% | 10.92:1 |
| 5 | Mr. R. Shadananan Company Secretary* | 7,13,681 | - | 3.88:1 |

* w.e.f. 1st May, 2015

- ii) The Median Remuneration of Employees of the Company during the financial year was ₹1,83,891/-
- iii) There was increase of 15.82% in median remuneration of employees during the financial year.
- (iv) The number of permanent employees on the rolls of the Company is 649 for the year ended March 31, 2016.
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year 2015-16 was 12%. Whereas increase in the managerial remuneration was 4.49%.
- (v) It is affirmed that remuneration paid during the year ended 31st March, 2016 is as per the Remuneration Policy of the Company.

Annexure -IV

Form No. MR-3

Secretarial Audit Report

For The Financial Year Ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SHAKTI PUMPS (INDIA) LIMITED
CIN: L29120MP1995PLC009327
Plot No. 401, 402 & 413 Sector III
Industrial Area, Pithampur, (M.P.) - 454774

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHAKTI PUMPS (INDIA) LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the SHAKTI PUMPS (INDIA) LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under read with notifications, exemptions and clarifications thereto;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

-
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time. However, the regulations are not applicable to the Company during the Audit period since the Company has not raised any money from the public and hence, these regulations have not been considered for the purpose of this report;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. However, the regulations are not applicable to the Company during the Audit period since the Company does not have any scheme in operation and hence, these regulations have not been considered for the purpose of this report;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the Company has not issue any debt securities;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time;- Not applicable to the Company during the Audit period;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1999- Not applicable as the Company has not bought back/propose to buyback any of its securities during the financial year under review.
- vi Taking into consideration, business activities of the Company, there are no specific regulator / law whose approval is required for undertaking business operations of the Company and hence no comment is invited in respect of the same. We have in principally verified existing systems and mechanism which is followed by the Company to ensure compliance of other applicable Laws like Labour Laws etc and have relied on the representation made by the Company and its officers in respect of aforesaid systems and mechanism for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings. These Standards were applicable with effect from July 1, 2015 and have been taken into consideration for all meetings of the Company held thereafter.
- (ii) The Listing Agreements entered into by the Company with the Exchanges read with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

We rely on Statutory Auditor's Report in relation to the financial statements and accuracy of financial figures for Sales Tax, Wealth Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under Financial Statements, Accounting Standard 18 and note on foreign currency transactions during our audit period.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period the Company has no specific events / actions that having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standard, etc.

Note : This Report is to be read with our letter dated 26th July 2016 which is annexed as Annexure A and forms and integral part of this report.

For M Maheshwari & Associates
Company Secretaries

Date : 26th July 2016
Place : Indore

MANISH MAHESHWARI
FCS 5174
C.P. No.3860

To,
The Members,
SHAKTI PUMPS (INDIA) LIMITED
CIN: L29120MP1995PLC009327
Plot No. 401, 402 & 413 Sector III
Industrial Area, Pithampur, (M.P.) - 454774

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliances of laws, rules, regulations and happening of events etc.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

For M Maheshwari & Associates
Company Secretaries

Date : 26th July 2016
Place : Indore

MANISH MAHESHWARI
FCS 5174
C.P. No.3860

Form MGT 9

Extract of Annual Return

For The Financial Year Ended March 31, 2016

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. Registration & Other Details:

| | | |
|-----|---|---|
| I | CIN | L29120MP1995PLC009327 |
| II | Registration Date | 21/04/1995 |
| III | Name of the Company | Shakti Pumps (India) Limited |
| IV | Category/Sub-category of the Company | Company limited by shares/Indian Non-Government Company |
| V | Address of the Registered office & contact details | Plot no. 401, 402 & 413, Sector III, Industrial Area, Pithampur -Dist. Dhar-M.P.- 454774 |
| VI | Whether listed company | Yes |
| VII | Name, Address & contact details of the Registrar & Transfer Agent, if any | Adroit Corporate Services Pvt. Ltd. 17-20, Jafferbhoy Ind. Estate, 1 st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059 Tel: +91 (0) 22 42270400 Direct: +91 (0)22 42270423 Fax: +91 (0)22 285037 |

II. Principal Business Activities of The Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

| Sr. no. | Name & Description of main products/services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1. | Manufacturing Pumps and Motors | 28132 | 100% |

III. Particulars of Holding , Subsidiary & Associate Companies

| S. No. | Name | Address | Description |
|--------|--------------------------------|--|-------------------------|
| 1 | Shakti Pumps LLC,USA | 821 West forest Brook Rd Maitland 32751 | Wholly Owned Subsidiary |
| 2 | Shakti Pumps FZE,UAE | Saifzone Sharjah, UAE. PO BOX 8521 | Wholly Owned Subsidiary |
| 3 | Shakti Pump Pty Ltd. Australia | Suite 301, Level 3, 171 Clarence Street, Sydney, NSW, 2000 | Wholly Owned Subsidiary |

IV. Shareholding Pattern

(Equity Share Capital Breakup as Percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---------------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 37500 | 0 | 37500 | 0.22 | 37500 | 0 | 37500 | 0.22 | 0.00 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any other | | | | | | | | | |
| f-1 DIRECTORS RELATIVES | 2516000 | 750000 | 3266000 | 19.51 | 3266000 | 0 | 3266000 | 19.51 | 0.00 |
| f-2 DIRECTORS | 5083688 | 0 | 5083688 | 30.36 | 5083688 | 0 | 5083688 | 30.36 | 0.00 |
| Total Shareholding of promoter (A) | 7637188 | 750000 | 8387188 | 50.09 | 8387188 | 0 | 8387188 | 50.09 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 911852 | 0 | 911852 | 5.45 | 828709 | 0 | 828709 | 4.95 | -0.50 |
| b) Banks / FI | 1601 | 0 | 1601 | 0.01 | 16677 | 0 | 16677 | 0.10 | 0.09 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FIs | 40000 | 0 | 40000 | 0.24 | 0 | 0 | 0 | 0.00 | -0.24 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (B) (1) | 953453 | 0 | 953453 | 5.69 | 845386 | 0 | 845386 | 5.05 | -0.65 |
| (2) Non - Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 3413475 | 0 | 3413475 | 20.39 | 3588444 | 0 | 3588444 | 21.43 | 1.04 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹.1 lakh | 2594707 | 79808 | 2674515 | 15.97 | 2496177 | 79808 | 2575985 | 15.38 | -0.59 |
| ii) Individual shareholders holding nominal share capital in excess of ₹.1 lakh | 962871 | 24800 | 987671 | 5.90 | 869661 | 24800 | 894461 | 5.34 | -0.56 |
| c) Others (Specify) | | | | | | | | | |
| c-1 NON RESIDENT INDIANS(INDIVIDUALS) | 269847 | 0 | 269847 | 1.61 | 272097 | 0 | 272097 | 1.63 | 0.01 |

| Category of Shareholders | | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|--|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c-2 | CLEARING MEMBER | 57644 | 0 | 57644 | 0.34 | 31058 | 0 | 31058 | 0.19 | -0.16 |
| c-3 | TRUSTS | 0 | 0 | 0 | 0.00 | 149174 | 0 | 149174 | 0.89 | 0.89 |
| | Sub-total (B)(2) | 7298544 | 104608 | 7403152 | 44.21 | 7406611 | 104608 | 7511219 | 44.86 | 0.65 |
| | Total Public Shareholding(B)= (B)(1)+(B)(2) | 8251997 | 104608 | 8356605 | 49.91 | 8251997 | 104608 | 8356605 | 49.91 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs. | | | | | | | | | | |
| | Promoter and Promoter Group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Public - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (C) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A+B+C) | 15889185 | 854608 | 16743793 | 100 | 16639185 | 104608 | 16743793 | 100 | 0 |

ii Shareholding of Promoters

| Sl No. | Shareholder's Name | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % Change during the year |
|--------|------------------------|---|----------------------------------|--|---|----------------------------------|--|--------------------------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Ankit Patidar | 1500000 | 8.96 | 0.00 | 1500000 | 8.96 | 0.00 | 0.00 |
| 2 | Dinesh Patidar | 3521488 | 21.03 | 11.36 | 3521488 | 21.03 | 0.00 | 0.00 |
| 3 | Seema Patidar | 94000 | 0.56 | 100.00 | 94000 | 0.56 | 100.00 | 0.00 |
| 4 | Vintex Tools Pvt. Ltd. | 37500 | 0.22 | 0.00 | 37500 | 0.22 | 0.00 | 0.00 |
| 5 | Indira Patidar | 334000 | 1.99 | 50.90 | 334000 | 1.99 | 50.90 | 0.00 |
| 6 | Pallavi Patidar | 341800 | 2.04 | 53.25 | 341800 | 2.04 | 53.25 | 0.00 |
| 7 | Aishwarya Patidar | 385400 | 2.30 | 72.03 | 385400 | 2.30 | 72.03 | 0.00 |
| 8 | Geeta Patidar | 610800 | 3.65 | 72.69 | 610800 | 3.65 | 72.69 | 0.00 |
| 9 | Sunil Patidar | 1562200 | 9.33 | 64.40 | 1562200 | 9.33 | 64.40 | 0.00 |
| | Total | 8387188 | 50.09 | 30.68 | 8387188 | 50.09 | 25.92 | 0.00 |

iii Change in Promoters' Shareholding (please specify, if there is no change)

| Sl No. | | Name of Promoter's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|------------------------|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | Vintex Tools Pvt. Ltd. | 01/04/15 | 37500 | 0.22 | 37500 | 0.22 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 37500 | 0.22 |
| 2 | At the beginning of the year | Sunil Patidar | 01/04/15 | 1562200 | 9.33 | 1562200 | 9.33 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 1562200 | 9.33 |

| Sl No. | | Name of Promoter's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|--------------------|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | At the beginning of the year | Seema Patidar | 01/04/15 | 94000 | 0.56 | 94000 | 0.56 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 94000 | 0.56 |
| 4 | At the beginning of the year | Dinesh Patidar | 01/04/15 | 3521488 | 21.03 | 3521488 | 21.03 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 3521488 | 21.03 |
| 5 | At the beginning of the year | Indira Patidar | 01/04/15 | 334000 | 1.99 | 334000 | 1.99 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 334000 | 1.99 |
| 6 | At the beginning of the year | Geeta Patidar | 01/04/15 | 610800 | 3.65 | 610800 | 3.65 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 610800 | 3.65 |
| 7 | At the beginning of the year | Pallavi Patidar | 01/04/15 | 341800 | 2.04 | 341800 | 2.04 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 341800 | 2.04 |
| 8 | At the beginning of the year | Ankit Patidar | 01/04/15 | 1500000 | 8.96 | 1500000 | 8.96 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | 05/06/2015 | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 1500000 | 8.96 |
| 9 | At the beginning of the year | Aishwarya Patidar | 01/04/15 | 385400 | 2.30 | 385400 | 2.30 |
| | Date wise Increase / Decrease in Promoters Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 385400 | 2.30 |

iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Name of Shareholder's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|------------|--|--|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | Motilal Oswal Securities Ltd- Derivativ | 01/04/15 | 66282 | 0.40 | 66282 | 0.40 |
| | Date wise Increase / Decrease in Share holding during the year | | 10/04/2015 | -14847 | 0.09 | 51435 | 0.31 |
| | | | 17/04/2015 | -2398 | 0.01 | 49037 | 0.29 |
| | | | 24/04/2015 | -641 | 0.00 | 48396 | 0.29 |
| | | | 01/05/2015 | 1376 | 0.01 | 49772 | 0.30 |
| | | | 08/05/2015 | 1613 | 0.01 | 51385 | 0.31 |
| | | | 15/05/2015 | -4956 | 0.03 | 46429 | 0.28 |
| | | | 22/05/2015 | -610 | 0.00 | 45819 | 0.27 |
| | | | 29/05/2015 | -10 | 0.00 | 45809 | 0.27 |
| | | | 05/06/2015 | 1410 | 0.01 | 47219 | 0.28 |
| | | | 12/06/2015 | -590 | 0.00 | 46629 | 0.28 |
| | | | 19/06/2015 | -46604 | 0.28 | 25 | 0.00 |
| | | | 26/06/2015 | 47590 | 0.28 | 47615 | 0.28 |
| | | | 03/07/2015 | 6935 | 0.04 | 54550 | 0.33 |
| | | | 10/07/2015 | -4915 | 0.03 | 49635 | 0.30 |
| | | | 17/07/2015 | -5091 | 0.03 | 44544 | 0.27 |
| | | | 24/07/2015 | 6498 | 0.04 | 51042 | 0.30 |
| | | | 31/07/2015 | -616 | 0.00 | 50426 | 0.30 |
| | | | 07/08/2015 | 7635 | 0.05 | 58061 | 0.35 |
| | | | 14/08/2015 | -3673 | 0.02 | 54388 | 0.32 |
| | | | 21/08/2015 | 1060 | 0.01 | 55448 | 0.33 |
| | | | 28/08/2015 | 3631 | 0.02 | 59079 | 0.35 |
| | | | 04/09/2015 | 672 | 0.00 | 59751 | 0.36 |
| | | | 11/09/2015 | -287 | 0.00 | 59464 | 0.36 |
| | | | 18/09/2015 | -1700 | 0.01 | 57764 | 0.34 |
| | | | 09/10/2015 | 213 | 0.00 | 57977 | 0.35 |
| | | | 16/10/2015 | 65 | 0.00 | 58042 | 0.35 |
| | | | 23/10/2015 | 100 | 0.00 | 58142 | 0.35 |
| | | | 06/11/2015 | -680 | 0.00 | 57462 | 0.34 |
| | | | 20/11/2015 | 11522 | 0.07 | 68984 | 0.41 |
| | | | 27/11/2015 | 22 | 0.00 | 69006 | 0.41 |
| 04/12/2015 | -10998 | 0.07 | 58008 | 0.35 | | | |
| 11/12/2015 | -25 | 0.00 | 57983 | 0.35 | | | |
| 25/12/2015 | -38327 | 0.23 | 19656 | 0.12 | | | |
| 31/12/2015 | -1636 | 0.01 | 18020 | 0.11 | | | |
| 01/01/2016 | 7164 | 0.04 | 25184 | 0.15 | | | |
| 08/01/2016 | 1922 | 0.01 | 27106 | 0.16 | | | |

| Sl. No. | For Each of the Top 10 Shareholders | Name of Shareholder's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | | | 15/01/2016 | 17302 | 0.10 | 44408 | 0.27 |
| | | | 22/01/2016 | 5517 | 0.03 | 49925 | 0.30 |
| | | | 29/01/2016 | 111 | 0.00 | 50036 | 0.30 |
| | | | 05/02/2016 | 4223 | 0.03 | 54259 | 0.32 |
| | | | 12/02/2016 | 51 | 0.00 | 54310 | 0.32 |
| | | | 19/02/2016 | -2 | 0.00 | 54308 | 0.32 |
| | | | 26/02/2016 | -2907 | 0.02 | 51401 | 0.31 |
| | | | 04/03/2016 | 1446 | 0.01 | 52847 | 0.32 |
| | | | 11/03/2016 | -52847 | 0.32 | 0 | 0.00 |
| | | | 18/03/2016 | 2 | 0.00 | 2 | 0.00 |
| | | | 25/03/2016 | 155 | 0.00 | 157 | 0.00 |
| | At the End of the year | | 31/03/2016 | 151 | 0.00 | 308 | 0.00 |
| 2 | At the beginning of the year | Eureka Stock And Share Broking Services | 01/04/15 | 2678 | 0.02 | 2678 | 0.02 |
| | Date wise Increase / Decrease in Share holding during the year | | 10/04/2015 | 3100 | 0.02 | 5778 | 0.03 |
| | | | 17/04/2015 | 47283 | 0.28 | 53061 | 0.32 |
| | | | 24/04/2015 | 11000 | 0.07 | 64061 | 0.38 |
| | | | 01/05/2015 | -2050 | 0.01 | 62011 | 0.37 |
| | | | 08/05/2015 | 415 | 0.00 | 62426 | 0.37 |
| | | | 15/05/2015 | 285 | 0.00 | 62711 | 0.37 |
| | | | 22/05/2015 | -450 | 0.00 | 62261 | 0.37 |
| | | | 29/05/2015 | -169 | 0.00 | 62092 | 0.37 |
| | | | 05/06/2015 | -58372 | 0.35 | 3720 | 0.02 |
| | | | 12/06/2015 | 4404 | 0.03 | 8124 | 0.05 |
| | | | 19/06/2015 | 550 | 0.00 | 8674 | 0.05 |
| | | | 26/06/2015 | -200 | 0.00 | 8474 | 0.05 |
| | | | 30/06/2015 | -2000 | 0.01 | 6474 | 0.04 |
| | | | 03/07/2015 | -1200 | 0.01 | 5274 | 0.03 |
| | | | 10/07/2015 | 100 | 0.00 | 5374 | 0.03 |
| | | | 17/07/2015 | -700 | 0.00 | 4674 | 0.03 |
| | | | 24/07/2015 | -50 | 0.00 | 4624 | 0.03 |
| | | | 31/07/2015 | -110 | 0.00 | 4514 | 0.03 |
| | | | 07/08/2015 | 10 | 0.00 | 4524 | 0.03 |
| | | | 14/08/2015 | 9534 | 0.06 | 14058 | 0.08 |
| | | | 21/08/2015 | -10100 | 0.06 | 3958 | 0.02 |
| | | | 04/09/2015 | -200 | 0.00 | 3758 | 0.02 |
| | | | 11/09/2015 | -1750 | 0.01 | 2008 | 0.01 |
| | | | 09/10/2015 | 1615 | 0.01 | 3623 | 0.02 |
| | | | 16/10/2015 | -1615 | 0.01 | 2008 | 0.01 |
| | | | 06/11/2015 | -1408 | 0.01 | 600 | 0.00 |
| | | | 08/01/2016 | 50 | 0.00 | 650 | 0.00 |

| Sl. No. | For Each of the Top 10 Shareholders | Name of Shareholder's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|--|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | | | 15/01/2016 | -50 | 0.00 | 600 | 0.00 |
| | | | 29/01/2016 | 400 | 0.00 | 1000 | 0.01 |
| | | | 05/02/2016 | -400 | 0.00 | 600 | 0.00 |
| | | | 12/02/2016 | 500 | 0.00 | 1100 | 0.01 |
| | | | 19/02/2016 | -300 | 0.00 | 800 | 0.00 |
| | | | 04/03/2016 | -185 | 0.00 | 615 | 0.00 |
| | | | 11/03/2016 | 85 | 0.00 | 700 | 0.00 |
| | | | 18/03/2016 | -100 | 0.00 | 600 | 0.00 |
| | | | 25/03/2016 | 200 | 0.00 | 800 | 0.00 |
| | At the End of the year | | 31/03/2016 | -200 | 0.00 | 600 | 0.00 |
| 3 | At the beginning of the year | Franklin Templeton Mutual Fund A/C Frank | 01/04/15 | 911852 | 5.45 | 911852 | 5.45 |
| | Date wise Increase / Decrease in Share holding during the year | | 12/06/2015 | -38274 | 0.23 | 873578 | 5.22 |
| | | | 19/06/2015 | -4127 | 0.02 | 869451 | 5.19 |
| | | | 03/07/2015 | -6478 | 0.04 | 862973 | 5.15 |
| | | | 10/07/2015 | -31048 | 0.19 | 831925 | 4.97 |
| | | | 17/07/2015 | -3066 | 0.02 | 828859 | 4.95 |
| | | | 24/07/2015 | -150 | 0.00 | 828709 | 4.95 |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 828709 | 4.95 |
| 4 | At the beginning of the year | VEC AIF VEC Strategic Advantage Scheme | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | 18/12/2015 | 26747 | 0.16 | 26747 | 0.16 |
| | | | 25/12/2015 | 42549 | 0.25 | 69296 | 0.41 |
| | | | 08/01/2016 | 15500 | 0.09 | 84796 | 0.51 |
| | | | 15/01/2016 | 15000 | 0.09 | 99796 | 0.60 |
| | | | 22/01/2016 | 34207 | 0.20 | 134003 | 0.80 |
| | | | 29/01/2016 | 15171 | 0.09 | 149174 | 0.89 |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 149174 | 0.89 |
| 5 | At the beginning of the year | V E C Strategic Advantage Scheme II | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | 06/11/2015 | 67000 | 0.40 | 67000 | 0.40 |
| | | | 20/11/2015 | 37696 | 0.23 | 104696 | 0.63 |
| | | | 04/12/2015 | 15000 | 0.09 | 119696 | 0.71 |
| | | | 11/12/2015 | 5900 | 0.04 | 125596 | 0.75 |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 125596 | 0.75 |
| 6 | At the beginning of the year | VEC Strategic Advantage Scheme III | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | 06/11/2015 | 51529 | 0.31 | 51529 | 0.31 |
| | | | 13/11/2015 | 19690 | 0.12 | 71219 | 0.43 |
| | | | 20/11/2015 | 21000 | 0.13 | 92219 | 0.55 |
| | | | 27/11/2015 | 5283 | 0.03 | 97502 | 0.58 |
| | | | 04/12/2015 | 32000 | 0.19 | 129502 | 0.77 |
| | | | 11/12/2015 | 32000 | 0.19 | 161502 | 0.96 |
| | | | 08/01/2016 | 6000 | 0.04 | 167502 | 1.00 |

| Sl. No. | For Each of the Top 10 Shareholders | Name of Shareholder's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------|--|--|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 167502 | 1.00 |
| 7 | At the beginning of the year | Vinay Securities Private Limited | 01/04/15 | 363000 | 2.17 | 363000 | 2.17 |
| | Date wise Increase / Decrease in Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 363000 | 2.17 |
| 8 | At the beginning of the year | M L Securities And Finance Private Limit | 01/04/15 | 1837383 | 10.97 | 1837383 | 10.97 |
| | Date wise Increase / Decrease in Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 1837383 | 10.97 |
| 9 | At the beginning of the year | Rajal Securities Private Limited | 01/04/15 | 463400 | 2.77 | 463400 | 2.77 |
| | Date wise Increase / Decrease in Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 463400 | 2.77 |
| 10 | At the beginning of the year | Ablaze Infotech Private Limited | 01/04/15 | 105600 | 0.63 | 105600 | 0.63 |
| | Date wise Increase / Decrease in Share holding during the year | | | NIL | NIL | | |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 105600 | 0.63 |
| 11 | At the beginning of the year | Snehal Bhupendra Shah | 01/04/15 | 50000 | 0.30 | 50000 | 0.30 |
| | Date wise Increase / Decrease in Share holding during the year | | 08/05/2015 | 30000 | 0.18 | 80000 | 0.48 |
| | | | 15/05/2015 | 20000 | 0.12 | 100000 | 0.60 |
| | | | 05/06/2015 | 10000 | 0.06 | 110000 | 0.66 |
| | | | 12/06/2015 | 40000 | 0.24 | 150000 | 0.90 |
| | | | 19/06/2015 | 12000 | 0.07 | 162000 | 0.97 |
| | | | 24/07/2015 | 5500 | 0.03 | 167500 | 1.00 |
| | | | 28/08/2015 | -500 | 0.00 | 167000 | 1.00 |
| | | | 11/09/2015 | 7500 | 0.04 | 174500 | 1.04 |
| | | | 09/10/2015 | 20500 | 0.12 | 195000 | 1.16 |
| | | | 16/10/2015 | 10000 | 0.06 | 205000 | 1.22 |
| | | | 27/11/2015 | 4998 | 0.03 | 209998 | 1.25 |
| | | | 04/12/2015 | 2 | 0.00 | 210000 | 1.25 |
| | | | 11/03/2016 | -50000 | 0.30 | 160000 | 0.96 |
| | | | 18/03/2016 | -35000 | 0.21 | 125000 | 0.75 |
| At the End of the year | 31/03/2016 | 0 | 0.00 | 125000 | 0.75 | | |

| Sl. No. | For Each of the Top 10 Shareholders | Name of Shareholder's | As On Date | No. of Shares held at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|-----------------------|------------------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 12 | At the beginning of the year | Chitranjan Baid | 01/04/15 | 29000 | 0.17 | 29000 | 0.17 |
| | Date wise Increase / Decrease in Share holding during the year | | 10/04/2015 | 55000 | 0.33 | 84000 | 0.50 |
| | | | 17/04/2015 | 5000 | 0.03 | 89000 | 0.53 |
| | | | 22/05/2015 | 9500 | 0.06 | 98500 | 0.59 |
| | | | 05/06/2015 | 1000 | 0.01 | 99500 | 0.59 |
| | | | 19/06/2015 | 4749 | 0.03 | 104249 | 0.62 |
| | | | 07/08/2015 | -104249 | 0.62 | 0 | 0.00 |
| | At the End of the year | | 31/03/2016 | 0 | 0.00 | 0 | 0.00 |
| 13 | At the beginning of the year | Muraleedharan Kesavan | 01/04/15 | 101000 | 0.60 | 101000 | 0.60 |
| | Date wise Increase / Decrease in Share holding during the year | | 10/04/2015 | 20000 | 0.12 | 121000 | 0.72 |
| | | | 24/04/2015 | 11000 | 0.07 | 132000 | 0.79 |
| | | | 14/08/2015 | 1000 | 0.01 | 133000 | 0.79 |
| | | | 21/08/2015 | 11500 | 0.07 | 144500 | 0.86 |
| | | | 04/09/2015 | 4000 | 0.02 | 148500 | 0.89 |
| | | | At the End of the year | 31/03/2016 | 0 | 0.00 | 148500 |

v. Shareholding of Directors and Key Managerial Personal

| Sl. No. | | Name of Shareholder's | As On Date | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|-----------------------|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | Dinesh Patidar | 01/04/15 | 3521488 | 21.03 | 3521488 | 21.03 |
| | Date wise Increase / Decrease in Share holding during the year | | | Nil | Nil | | |
| | At the end of the year | | 31/03/16 | 0 | 0 | 3521488 | 21.03 |
| 2 | At the beginning of the year | Ramesh Patidar | 01/04/15 | 76848 | 0.46 | 76848 | 0.46 |
| | Date wise Increase / Decrease in Share holding during the year | | | Nil | Nil | | |
| | At the end of the year | | 31/03/16 | 0 | 0 | 76848 | 0.46 |
| 3 | At the beginning of the year | Sunil Patidar | 01/04/15 | 1562200 | 9.33 | 1562200 | 9.33 |
| | Date wise Increase / Decrease in Share holding during the year | | | Nil | Nil | | |
| | At the end of the year | | 31/03/16 | 0 | 0 | 1562200 | 9.30 |
| 4 | At the beginning of the year | Navin S Patwa | 01/04/15 | 1000 | 0.00 | 1000 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | Nil | Nil | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 1000 | 0.00 |
| 5 | At the beginning of the year | Rajkumar Jain | 01/04/15 | 100 | 0.00 | 100 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | Nil | Nil | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 100 | 0.00 |

| Sl. No. | | Name of Shareholder's | As On Date | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|-----------------------|------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | At the beginning of the year | S. S. Raghuvanshi | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 0 | 0.00 |
| 7 | At the beginning of the year | Sridhar Narayan | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 0 | 0.00 |
| 8 | At the beginning of the year | Bal Mukund Sharma | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 0 | 0.00 |
| 9 | At the beginning of the year | Nishtha Neema | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 0 | 0.00 |
| 10 | At the beginning of the year | Akhilesh Maru | 01/04/15 | 2 | 0.00 | 2 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 2 | 0.00 |
| 11 | At the beginning of the year | R. Shadananan | 01/04/15 | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Share holding during the year | | | | | | |
| | At the end of the year | | 31/03/16 | 0 | 0.00 | 0 | 0.00 |

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹In Lacs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 10131.03 | 0 | 0 | 10131.03 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 10131.03 | 0 | 0 | 10131.03 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 1196.69 | 0 | 0 | 1196.69 |
| Reduction | 1146.31 | 0 | 0 | 1146.31 |
| Net Change | 50.38 | 0 | 0 | 50.38 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 10181.41 | 0 | 0 | 10181.41 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 10181.41 | 0 | 0 | 10181.41 |

VI. Remuneration of Director and KMP

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particular of Remuneration | Mr. Dinesh Patidar, Managing Director | Mr. Sunil Patidar, Whole-time Director | Mr. Ramesh Patidar, Whole time Director | Total |
|---------|---|---------------------------------------|--|---|--------------------|
| 1 | Gross Salary | 1,68,00,000 | 13,09,600 | 20,93,220 | 2,02,02,820 |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | - | - | - | |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | - | - | - | |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | 0 | - | - | |
| 2 | Stock Options | 0 | - | - | |
| 3 | Sweat Equity | 0 | - | - | |
| 4 | Commission | 0 | - | - | |
| | - as % of profit | 0 | - | - | |
| | - others, specify. | 0 | - | - | |
| 5 | Others, please specify | 0 | - | - | |
| | Total | 1,68,00,000 | 13,09,600 | 20,93,220 | 2,02,02,820 |
| | Ceiling as per the Act | N.A. | | | N.A. |

B. Remuneration to other Directors:

1. Independent Directors: No remuneration was paid to independent directors

| Sl. No. | Particular of Remuneration | Mr. S.S. Raghuwanshi | Mr. Navin Patwa | Mr. Balmukund Sharma | Mr. Raj Kumar Jain | Mrs. Nishtha Neema | Total |
|---------|--|----------------------|-----------------|----------------------|--------------------|--------------------|---------------|
| 1 | -Fee for attending Board/ Committee Meetings | 60000 | 80000 | 80000 | Nil | 60000 | 280000 |
| 2 | -Commission | Nil | Nil | Nil | Nil | Nil | Nil |
| 3 | - Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total B.1 | 60000 | 80000 | 80000 | Nil | 60000 | 280000 |

2. Other Non Executive Directors: No remuneration was paid to other Non Executive directors

| Sl. No. | Particular of Remuneration | | Total |
|---------|---|----|-------|
| 1 | -Fee for attending Board/Committee Meetings | - | |
| 2 | -Commission | - | - |
| 3 | - Others, please specify | - | - |
| | Total B.2 | 0 | 0 |
| | Total (B1+B2) | 0 | 0 |
| | Total Managerial Remuneration | 0 | 0 |
| | Overall Ceiling as per the Act | NA | NA |

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD.

| Sl. No. | Particular of Remuneration | Mr. R Shadananan Company Secretary | Mr. Akhilesh Maru, CFO | Total |
|---------|---|---------------------------------------|---------------------------|------------------|
| 1 | Gross Salary | 7,13,681 | 20,09,662 | 27,23,343 |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | | | |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Options | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - Others, specify.... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total C | 7,13,681 | 20,09,662 | 27,23,343 |

VII. Penalty/Punishment/Compounding of Offences

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | AUTHORITY [RD / NCLT / COURT] | Appeal made, if any (give details) |
|------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| B. Director | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| C. Other Officer in default | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

There were no penalties, punishments, compounding of offences for the year ended March 31, 2016.

For and on behalf of the Board of Directors
For Shakti Pumps India Limited

Dinesh Patidar
Chairman & Managing Director
(DIN 00549552)

Annexure - VI

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Section 134 (3) (M) of The Companies Act, 2013 read with Rule 8(3) of the Companies Accounts) Rules, 2014]

Conservation of Energy:-

| Sl. No. | Particulars | |
|---------|---|--|
| 1 | the steps taken or impact on conservation of energy; | Company has installed energy efficient LED lights in place of conventional lights .We achieved annual savings of 60000KWH. |
| 2 | the steps taken by the Company for utilizing alternate sources of energy; | Solar Photovoltaic System installed for internal consumption and installation of DG set. |
| 3 | the capital investment on energy conservation equipments | 0.20 |

Technology absorption

| | | |
|-------|--|---|
| (i) | the efforts made towards technology absorption | As a part of our Green Initiatives Road Map is being prepared for migrating towards solar power. Initial technical feasibility study has shown potential of huge power savings. |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution | Day to day KAIZAN has reduced maintenance cost and improved production cycle. |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year | No imported technology |
| (a) | the details of technology imported | - |
| (b) | the year of import | - |
| (c) | whether the technology been fully absorbed | - |
| (d) | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | - |
| (iv) | the expenditure incurred on Research and Development | ₹1.81 Cr. |

Foreign exchange earnings and Outgo

| | | |
|------|---|-------------|
| (i) | The Foreign Exchange earned in terms of actual inflows during the year; | ₹123.41 Cr. |
| (ii) | and the Foreign Exchange outgo during the year in terms of actual outflows. | ₹27.40 Cr. |

Report on Corporate Governance

Report on corporate governance for the financial ended on 31st March 2016 ,as stipulated in clause 49 of the Listing Agreement of the company with the Stock Exchanges for the period 1st April ,2015 to 30th November ,2015 and as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as the SEBI Listing Regulations 2015) for the period 1st December, 2015 to 31st March 2016 is Set out below:

1. Company's Philosophy on Corporate Governance:

The Company has adopted the code of governance as a responsible corporate citizen and to serve all stake holders viz. the employees, shareholders, customers, vendors and the society and thereby retaining and maximizing stakeholders trust and value legally and ethically. The company believes that doing business in a transparent, fair and ethical way will help the company to achieve new heights in the long run.

The company is in compliance with all the regulations stipulated by the Companies Act 2013 and rules thereof and Clause 49 of Listing Agreement /SEBI Listing Regulations 2015.

2. Board of Directors:

The Board of Directors runs the company on fair and ethical principles as it plays an important role in enhancing stakeholder's value. The Executive Directors are responsible for the day-to-day management of the Company subject to the supervision, direction and control of the Board of Directors.

Composition of Board:

The Board of Directors of the company comprises an optimum combination of Executive and non Executive Directors, as required under Clause 49 of Listing Agreements and regulation 17(1) (b) SEBI Listing Regulations 2015. During the year ended March 31, 2016, the Board of Directors of the Company consisted of 9 (nine) Directors with out of which 3 (Three) Executive Director including Chairman, 5 (five) Independent Directors including one woman Director and 1 (one) Nominee Director appointed by AF Holdings. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities productively and provide effective leadership to the Company.

Independent Directors:

As required under the provisions of Section 149 of the Companies Act, 2013, all independent directors have declared that they meet the criteria of independence.

Pursuant to schedule IV of Companies Act, 2013 every Director has been issued the letter of appointment containing the terms and conditions of his /her appointment.

None of the Independent Directors are serving as independent directors in more than seven listed Companies, nor are serving in more than three Listed Companies as whole time Directors.

The names, position and categories of directors, their attendance at the board meetings held during the year and the last Annual General meeting and also the number of Directorships and committee positions held by them in other public limited companies are given below:-

No. of Directorship, Membership, membership and chairmanship held by the directors in the board and committees of other companies.

| S. N. | Name of Directors | Category of Directorship | No. of Board Meetings | | Attendance at last AGM | No of outside Directorship in Public Limited Held | No. of Committee position held in other Public Limited Companies | |
|-------|----------------------|----------------------------|-----------------------|----------|------------------------|---|--|--------------|
| | | | Held | Attended | | | Membership | Chairmanship |
| 1 | Mr. Dinesh Patidar | Executive | 5 | 5 | Yes | 1 | - | - |
| 2 | Mr. Sunil Patidar | Executive | 5 | 3 | Yes | 1 | - | - |
| 3 | Mr. Ramesh Patidar | Executive | 5 | 4 | Yes | - | - | - |
| 4 | Mr. Rajkumar Jain | Independent | 5 | 3 | No | - | - | - |
| 5 | Mr. S.S. Raghuwanshi | Independent | 5 | 5 | No | - | - | - |
| 6 | Mr. Navin S Patwa | Independent | 5 | 4 | Yes | - | - | - |
| 7 | Mr. Balmukund Sharma | Independent | 5 | 4 | Yes | - | - | - |
| 8 | Mr. Sridhar Narayan | Nominee Director | 5 | 3 | No | - | - | - |
| 9 | Mrs. Nishtha Neema | Woman Independent Director | 5 | 3 | Yes | 2 | 1 | 1 |

Board Meetings:

During the financial year ended March 31, 2016, Five Board meetings were held on April, 20 2015 May 21, 2015, August 08, 2015; November 6 2015, and February 12, 2016. The maximum time gap between two consecutive meetings was not more than one hundred and twenty days.

The necessary quorum was present for all the meetings.

3. Board Committees:

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

3.1 Audit Committee:

The terms of reference of Audit Committee. Audit committee is constituted according to the provisions of Regulation 18 SEBI Listing Regulations, 2015 read with section 177 of the Companies Act, 2013.

The Company's Audit committee consists of four Directors, of which three are Non-executive Independent Directors. All the members have adequate knowledge in the areas of finance and accounting.

The Company Secretary of the Company acts as the Secretary to the audit committee.

The committee takes advice and recommendations from all the departmental heads, internal auditor, and statutory auditors whenever required.

3.2 Terms of Reference:

Terms of reference of the committee broadly are as under:-

- 1) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

-
- 2) Considering and recommending the appointment, re-appointment of the Statutory Auditor and Cost Auditors, fixation of the audit fees and fees for any other services rendered by them and if required, the replacement or removal of the Auditors.
 - 3) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Directors Responsibility Statements to be included in the Board's Report in terms of 134(3)(c) of the companies Act 2013.
 - b) Change if any in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report
 - 4) Reviewing with the management the quarterly financial statements before submission to the board for approval.
 - 5) Reviewing with the management the statement of uses /application of Funds raised through an issue (Public, Right, Preferential Issues), The Statements of funds utilized for purposes other than those stated in the offer document Notices/Prospectus/Notice and Report submitted by the Monitoring agency the utilization of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in the matter.
 - 6) Review and monitor the auditor's independence, performance and effectiveness of Audit Process.
 - 7) Approval or any subsequent modification of transactions of the company with related Parties.
 - 8) Scrutiny of Inter corporate Loans and Investments.
 - 9) Valuation of Undertakings or Assets of the Company where ever it is necessary.
 - 10) Evaluation of Internal Financial Control and Risk Management.
 - 11) Reviewing with Management Performance of Statutory and Internal auditor Adequacy of Internal Control Systems.
 - 12) Reviewing the adequacy of Internal Audit Function, if any including the Structure of Internal Audit Department, Staffing and Seniority of the Official Heading of the Department, Reporting Structure Coverage and Frequency of Internal Audit.
 - 13) Discussion with Internal Auditors of any Significant Findings and follow- up thereon.
 - 14) Reviewing the Findings of any Internal Investigations by the Internal Auditors into matters where there is suspected Fraud or Irregularity or failure of Internal Control Systems of a material Nature and reporting the matter to the Board.
 - 15) Discussion with Statutory Auditor before the Audit Commences, about the nature and Scope of Audit as well as post Audit Discussion to ascertain any area of Concern.
 - 16) To look into reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (In case of Non Payment of Declare Dividend) and Creditors.
 - 17) To Review the functioning of the Whistle Blower Mechanism.
 - 18) Approval of Appointment of CFO (i.e. Whole time Finance Director or any other Person heading the Finance Function for discharging that Function) after assessing the qualification experience and background etc of the candidate.
 - 19) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The powers and role of the Audit committee is in accordance with the provisions of Clause 49 of the listing agreement/ Regulation 18 of SEBI Listing Regulation 2015 and Section 177 of the companies act 2013 and includes oversight of the company's financial process, reviewing the financial statements, review of significant related party transactions, adequacy of internal audit and look in to such matters as mandated.

The Audit Committee Comprises of 4 (Four) members namely Mr. S. S. Raghuwanshi, Mr. Rajkumar Jain, Mr. Dinesh Patidar and Mr. Navin S Patwa and the said Committee has been reconstituted w.e.f May 21, 2015 the new committee Comprises of 4 (Four) members namely Ms. Nishtha Neema, Mr. S. S. Raghuwanshi, Mr. Dinesh Patidar and Mr. Bal Mukund Sharma.

During the financial year ended March 31, 2016, 4 (Four) meeting of the Audit Committee were held on May 21, 2015; August 08, 2015; November 06 2015 and February 12, 2016.

| S.N | Name | Category | Number of meetings during the year 2015-16 | |
|-----|-----------------------|----------------------|--|----------|
| | | | Held | Attended |
| 1 | Ms. Nishtha Neema | Independent Director | 4 | 3 |
| 2 | Mr. S.S. Raghuwanshi | Independent Director | 4 | 4 |
| 3 | Mr. Dinesh Patidar | Executive Director | 4 | 4 |
| 4 | Mr. Bal Mukund Sharma | Independent Director | 4 | 3 |
| 5 | Mr. Navin S. Patwa | Independent Director | 4 | 1 |
| 6 | Mr. Rajkumar Jain | Independent Director | 4 | 1 |

4. Nomination, and Remuneration Committee:-

4.1 The Company has constituted Nomination and Remuneration Committee, as per the requirement of Section 178 of the Companies Act, 2013.

4.2 The Nomination and Remuneration Committee Comprises of 3 (Three) members namely Mr. S. S. Raghuwanshi, Mr. Rajkumar Jain, and Mr. Navin S Patwa, and the said Committee has been reconstituted w.e.f May 21, 2015 the new committee Comprises of 4 (Four) members namely Mr. S. S. Raghuwanshi, Mr. Rajkumar Jain, Mr. Navin S Patwa and Mr. Bal Mukund Sharma all are Independent Directors. During the financial year ended March 31, 2016, 4 (Four) Meeting were held during the year i.e. May 21, 2015, August 08, 2015, November 06 2015, February 12, 2016 and the details of meetings held and attendance are as follows:-

| S.N. | Name | Category | Number of Meetings during the Year 2015-16 | |
|------|-----------------------|----------------------|--|----------|
| | | | Held | Attended |
| 1 | Mr. Rajkumar Jain | Independent Director | 4 | 3 |
| 2 | Mr. S.S. Raghuwanshi | Independent Director | 4 | 4 |
| 3 | Mr. Navin S. Patwa | Independent Director | 4 | 4 |
| 4 | Mr. Bal Mukund Sharma | Independent Director | 4 | 3 |

4.3 The terms of references of the Nomination and Remuneration Committee are:-

- i) Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration of the Directors, key Managerial Personnel and other employees.
- ii) Formulation or criteria for evaluation of Independent Directors of the Board.
- iii) Devising a Policy on Board diversity: and
- iv) Identifying Persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every Directors Performance.

4.4 Details of Remuneration paid/ payable to the Directors during the Financial Year 2015-16 are as follows:-

| Name | Category | Salary including employer's contribution to provident fund | Perquisites | Sitting fees (In ₹.) |
|-----------------------|-------------|--|-------------|----------------------|
| Mr. Dinesh Patidar | Executive | 1,68,00,000 | Nil | Nil |
| Mr. Sunil Patidar | Executive | 12,00,000 | 1,04,300 | Nil |
| Mr. Ramesh Patidar | Executive | 19,20,000 | 1,73,220 | Nil |
| Mr. S.S. Raghuvanshi | Independent | Nil | Nil | 60,000 |
| Mr. Rajkumar Jain | Independent | Nil | Nil | Nil |
| Mr. Navin S. Patwa | Independent | Nil | Nil | 80,000 |
| Mr. Bal Mukund Sharma | Independent | Nil | Nil | 80,000 |
| Mr. Sridhar Narayan | Nominee | Nil | Nil | Nil |
| Mrs. Nishtha Neema | Independent | Nil | Nil | 60,000 |

5. Stakeholder Relationship Committee:

5.1 The Company has constituted stakeholder Relationship Committee which shall act in accordance with the prescribed provision of Section 178 of the Companies Act, 2013 and inter alia approves transfer/transmission of share, issue of duplicate/rematerialization of shares and consolidation, Splitting of Certificate redressal of complaints from investors etc.

5.2 The Committee Comprises of 4 (Four) members namely Mr. S.S. Raghuvanshi, Mr. B. R. Patidar, Mr. Akhilesh Maru and Mr. Navin S Patwa. and the said Committee has been reconstituted w.e.f May 21, 2015. The new committee Comprises of 5 (Five) members namely Mr. S.S. Raghuvanshi, Mr. B. R. Patidar, Mr. Akhilesh Maru, Mr. Navin S Patwa and Mr. Bal Mukund Sharma. During the financial year ended March 31, 2016, 4 (Four) Meeting were held during the year i.e. May 21, 2015, August 08, 2015, November 06, 2015, February 12, 2016 and the details are as follows:-

| S.N. | Name | Category | Number of Meetings during the Year 2015-16 | |
|------|----------------------|----------------------|--|----------|
| | | | Held | Attended |
| 1 | Mr. S.S. Raghuvanshi | Independent Director | 4 | 3 |
| 2 | Mr. Balmukund Sharma | Independent Director | 4 | 3 |
| 3 | Mr. Navin S. Patwa | Independent Director | 4 | 4 |
| 4 | Mr. B.R. Patidar | Member | 4 | 4 |
| 5 | Mr. Akhilesh Maru | CFO | 4 | 4 |

5.3 The terms of reference of Stakeholder Relationship Committee are as follows:-

- Looks into the Share holders Complaints like Non Receipt of Dividend warrants, Non receipt of Annual reports, Transfer of Shares Issue of Duplicate Share Certificates, Approving Demat Request.
- Oversee the Performance of Share Transfer Agent and recommend measures for overall improvement in the Investor Services.

6. Separate Meeting of Independent Directors:

6.1 In accordance with the provisions of Schedule IV of the Companies Act 2013, a separate meeting of the Independent Director was held on November 06, 2015. Without the attendance of Non-Independent Directors and Members of the Management.

6.2 The following Independent Directors were present at the Meeting Namely Mr. Navin S. Patwa, Mrs. Nishtha Neema, Mr. Bal Mukund Sharma, Mr. Rajkumar Jain, and Mr. S. S. Raghuvanshi.

6.3 The Meeting reviewed the performance of Non-Independent Directors and the Board as a whole.

6.4 Reviewed the performance of the Chairman of the Company.

6.5 Assist the quantity and quality and timeliness of law of information between Company Management and Board.

7. Corporate Social Responsibility Committee

7.1 The Corporate Social Responsibility (CSR) Committee has been constituted by The Board of Directors of the Company As per Provision of section 135 of Companies Act, 2013 read with Corporate Social responsibility (CSR) rules, 2014.

7.2 The Terms of reference of the Corporate Social responsibility Committee of the Company are as under:-

- (a) To formulate and recommend to the Board a Corporate Social responsibility policy which shall indicate the Activities to be undertaken by the Company as specified in the Schedule VI of the Companies Act, 2013.
- (b) To recommend the amount of expenditure to be incurred on the activities referred to in Clause (a) in a financial year
- (c) To monitor the Corporate Social responsibility policy of the Company from time to time and
- (d) Any other matter/thing as may be considered expedient.

7.3 Composition:

The Committee Comprises of 4 (Four) Members namely Mr. S.S. Raghuvanshi, Mr. Rajkumar Jain, Mr. Dinesh Patidar and Mr. Navin S Patwa. and the said Committee has been reconstituted w.e.f May 21, 2015 the new committee Comprises of 4 (Four) members namely Mr. S.S. Raghuvanshi, Mr. Bal Mukund Sharma, Mr. Rajkumar Jain, and Mrs. Nishtha Neema.

7.4 During the financial year ended March 31, 2016, 2 (two) Meeting were held during the year i.e. May 21, 2015, November 06, 2015 the details are as follows:-

| Name of Member | Designation | Number of Meetings during the Year 2015-16 | |
|-----------------------|-------------|--|----------|
| | | Held | Attended |
| Mr. Bal Mukund Sharma | Chairman | 2 | 1 |
| Mr. S .S. Raghuvanshi | Member | 2 | 2 |
| Mr. Rajkumar Jain | Member | 2 | 2 |
| Mr. Nishtha Neema | Member | 2 | 1 |
| Mr. Navin S. Patwa | Member | 2 | 1 |
| Mr. Dinesh Patidar | Member | 2 | 1 |

8. General Body Meeting

8.1) The details of last three years Annual General Meeting and Extra-Ordinary General Meeting are as follows:-

| Year | AGM/EGM | Date of AGM/EGM | Time | Venue |
|---------|---------|--------------------|------------|---|
| 2012-13 | AGM | September 27, 2013 | 10.00 A.M. | Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)- 454774 |
| 2013-14 | EGM | January 9, 2014 | 10.00 A.M. | Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)- 454774 |
| 2013-14 | AGM | July 31,2014 | 11:00AM | Plot No. 401,402 & 413, Sector –III, Industrial Area, Pithampur Dist- Dhar (M.P.)- 454774 |
| 2013-14 | EGM | October 20,2014 | 11:00A.M. | Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)- 454774 |
| 2014-15 | AGM | September 26, 2015 | 11.30.A.M | Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.)-454774 |

8.2) Special resolutions passed in the last three years General Meetings:-

18th Annual General Meeting held on 8th September, 2013

Nil

Extra Ordinary General Meeting held on January 9, 2014, one Special Resolution was passed as Special resolution as mentioned hereunder:-

- i) To get consent of the board to issue offer and allot up to 15,00,000 convertible equity warrants on preferential basis, convertible in to shares of the company of a nominal value of ₹10/ each at a price to be determined as per the provisions the existing rules and regulations

19th Annual General Meeting held on 31th July, 2014, Seven Resolutions were passed as Special resolutions as mentioned hereunder:-

- i) To appoint Ms. Pooja Mahajan as a Nominee Director.
- ii) To appoint Mr. Rajkumar Jain as an Independent Director to hold office till the 22nd Annual General Meeting to be held in 2017.
- iii) To appoint Mr. S.S. Raghuvanshi as an Independent Director to hold office till the 22nd Annual General Meeting to be held in 2017.
- iv) To appoint Mr. Navin S. Patwa as an Independent Director to hold office till the 24th Annual General Meeting to be held in 2019.
- v) To Increase in the Remuneration of Mr. Dinesh Patidar Chairman cum Managing Director from ₹3,25,000/- to ₹14,00,000/- per month with effect from April 1st 2014 for the remaining period of his tenure expiring on January 29,2016.
- vi) To get consent of the company to accord powers to the Board of Directors as required under section 180(1)(a) and other applicable provisions , if any of the companies act 2013 to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company by way of creation of security on the movable and/or immovable properties of the company through mortgage hypothecation, pledge, assignment etc.
- vii) To get consent of the Company to accord powers to the Board of Directors as required under section 180(1) (a) and other applicable provisions of the companies act 2013 to borrow from Banks and Financial Institutions any sum / sum of monies up to ₹500 Crores, irrespective of it exceeds or not of the aggregate of the paid up capital and free reserves of the Company.

Extra ordinary general meeting held on October 20 2014, Two Special Resolutions were passed as Special resolution as mentioned hereunder:-

- i) To increase the authorized capital of the Company 2,50,00,000 equity shares of 10/- each to 4,00,00,000 equity shares of 10/- each.
- ii) To get consent to the issue compulsory convertible preference shares of 15,00,000 to AFHoldings of Mauritius at a nominal value of ₹100 each at a premium of ₹200/- each aggregating to ₹45,00,00,000/- Convertible in to 16,36,363 equity shares of ₹10.00 each at a premium of ₹265/-each subject to the compliance of the existing rules and regulations of the companies act and SEBI ICDR Regulation, 2015.

20th Annual General Meeting held on 26th September, 2015, One Special Resolution was passed as Special resolution as mentioned hereunder:-

- i) Ratify the disclosure as per the Regulation 73 (1) (e) of chapter V11 of SEBI (ICDR) Regulations 2009 and as insisted by BSE to identity of the natural persons who are the ultimate beneficial owner of the shares in the matter of allotment of 15,00,000 CCPS to AFHOLDINGS

8.3) Postal ballot:-

No resolution requiring postal ballot as recommended under Clause 49 of the Listing Agreement/SEBI Listing Regulation 2015, was placed for shareholders approval at the meeting.

8.4) Subsidiary Companies

| S. No. | Name of Company | Relation |
|--------|-----------------------------------|-------------------------|
| 01 | Shakti Pumps LLC, USA | Wholly Owned Subsidiary |
| 02 | Shakti Pumps FZE, UAE | Wholly Owned Subsidiary |
| 03 | Shakti Pumps Pty. Ltd., Australia | Wholly Owned Subsidiary |

8.5) Related Party Transactions

| S. No | Name of Party | Nature of Transaction | Amount in ₹ |
|-------|-----------------------------------|---------------------------|--------------|
| 1 | Shakti Pumps LLC, USA | Sale of Pump & Motors | 16,63,25,589 |
| 2 | Shakti Pumps FZE , UAE | Sale of Pump & Motors | 29,07,79,907 |
| 3 | Shakti Pumps Pty Ltd. Australia | Sale of Pump & Motors | 34,31,136 |
| 4 | Shakti Irrigation India Limited | Purchase of Components | 8,76,96,515 |
| 5 | Vintex Tools Pvt. Ltd | Purchase of Dies | 1025,56,804 |
| | | Sale of Die Material | 98,559 |
| 6 | Shakti Energy Solutions Pvt. Ltd. | Purchase of Solar Systems | 6,43,14,751 |
| 7 | Dinesh Patidar | Remuneration | 1,68,00,000 |
| 8 | Sunil Patidar | Remuneration | 12,00,000 |
| | | Other Allowances | 1,09,600 |
| 9 | Ramesh Patidar | Remuneration | 19,20,000 |
| | | Other Allowances | 1,73,220 |

9. Disclosures

i) Disclosure on materially related party transactions:

All transaction entered into with related Parties as defined under Companies Act, 2013 and the SEBI Listing Regulations 2015 during the financial year were in the ordinary course of Business and at arms length basis and do not attract the provisions of section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.

ii) Disclosure on accounting treatments:

In the Preparation of financial statements, the company has followed the Accounting Standards referred to in section 133 of the Companies Act, 2013. The Significant accounting policies which are consistently applies have been set out in notes to the financial statements.

iii) Risk management:

The Company has laid down Risk Assessment and Minimization procedures and the same is periodically reviewed by the Board to ensure that the executive management controls the risk in properly defined framework.

iv) Details of non compliances by the Company penalties, strictures imposed on the Company by stock exchanges, SEBI, any other statutory authority on any matter related to the capital market:-

The Company has complied with the requirements of Listing agreements/ SEBI Listing Regulation 2015 with stock exchanges as well as regulations and guidelines of SEBI No penalties/strictures were imposed against by SEBI and Stock Exchanges any other statutory authority on any matter related to the capital market during last three years.

g) 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 dematerialized shares held with NSDL and CDSL.

- h) The Company has also undertaken Secretarial Audit for the financial year 2015-16 which, inter alia, includes audit of compliance with Companies Act and Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report is annexed with this annual report.

v) Vigil Mechanism/ Whistle Blower Policy:

In Compliance with the provision of Section 177 (9) of the Companies Act, 2015 and regulation 4 of the Listing Regulations the Company framed a Vigil Mechanism/ Whistle Blower Policy and the same has also been placed on the website of the Company. None of the employees of the Company has been denied access to the Audit Committee.

vi) Policy regarding Material subsidiaries:

The Company does not have any material unlisted Indian subsidiary Company.

10. Prevention of 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 (Prohibition of Insider Trading) Regulation 2015. The same has been displayed in the Company's website.

11. Foreign exchange risk and hedging activities

The company has exposure to foreign exchange risk vis-à-vis Total Sales /Purchases of the Company.

The Company has a mechanism in place wherein a dedicated team keeps a close watch on the market behaviour and adopts best purchase /sale practices to minimize the effect of price/foreign exchange fluctuation.

12. Means of Communications:

- (i) **Quarterly Results:** The quarterly, financial results of the Company are published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily news paper published in the language of the region i.e. Hindi daily newspaper and are also displayed on the Company's website www.shaktipumps.com.
- (ii) **News Releases, Presentations, etc.:** Official news releases and Official Media Releases are regularly sent on event basis to the Stock Exchanges.
- (iii) **Website:** the Company's website 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.
- (iv) **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.
- (v) **BSE Corporate Compliance & Listing Centre** (the "Listing Center"): The Listing Center of BSE is a web based application designed by BSE for corporate. All periodically compliances filing like shareholding pattern, corporate governance report etc. are also filed electronically on the Listing Center.
- (vi) **NSE Corporate Compliance & NEAPS** (the "NEAPS"): The NEAPS of NSE is a web based application designed by NSE for corporate. All periodically compliances filing like shareholding pattern, corporate governance report etc. are also filed electronically on the Listing Center NSE
- (vii) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system.

13. General Shareholders Information:-

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

| | |
|-------|--|
| Day | Tuesday |
| Date | September 27, 2016 |
| Time | 11.30 A.M. |
| Venue | Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur, Dist.-Dhar (M.P.) - 454774 |

13.2) Financial Calendar 2016-17

Financial Reporting for the Quarter ending 30th June 2016:-On or before 14th August 2016.

Financial Reporting for the Quarter ending 30th September 2016:-On or before 14th November 2016.

Financial Reporting for the Quarter ending 31st December 2016:-On or before 14th February 2017.

Financial Reporting for the Quarter ending 31st March 2017:-On or before 30th May 2017.

13.3) Dividend:

A dividend at the rate of 15% i.e. ₹1.5/- per Equity Share is recommended by the Board of Directors at their Meeting held on May 30, 2016 which is subject to the approval at the ensuing Annual General Meeting, and if approved will be payable on or after September 27, 2016 but within the Statutory time limit of 30 days.

13.4) Book Closure Date:

From Tuesday, 20th September 2016, to Tuesday, 27th September 2016, (both days inclusive) for the purpose of Annual General Meeting and Declaration of Dividend.

13.5) Unclaimed Dividend

During the year, dividend amounting to ₹77,975/- that had not been claimed by the share holders for the year ended 31st March 2008 was transferred to the credit of Investor Education and Protection Fund as required under section 124(5) & (6) of the Companies Act 2013.

The Company will be transferring the unclaimed dividend for the Year ended March 31st 2009, in December 2016.

All share holders who have not so far encashed the dividend for the said period are requested to lodge their claims before November 2016.

13.6) Listing on the Stock Exchanges

Company's equity shares are listed on the following stock exchanges .The annual listing fee is paid up to 2016-17.

| Name of Stock Exchanges and Address | Stock Code/Symbol |
|--|-------------------|
| BSE Limited (BSE) P.J. Towers, Dalal Street, Mumbai-400001 | 531431 |
| National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. | SHAKTIPUMP |

13.7) ISIN Code:

INE908D01010

13.8) Custodial fee:

The Company has paid the custodial fee to the NSDL and CDSL for the Financial Year 2016-17.

13.9) Corporate Identification Number (CIN):

L29120MP1995PLC009327

13.10) Stock Market data:

The month-wise highest and lowest and total number of shares traded during the last financial year was as follows:

a) BSE Limited

| Month | Highest | Lowest | Total No. of Shares traded |
|--------|---------|--------|----------------------------|
| Apr 15 | 228.10 | 193.50 | 471613 |
| May 15 | 215.00 | 187.00 | 281007 |
| Jun 15 | 208.90 | 172.00 | 406407 |
| Jul 15 | 201.30 | 181.40 | 380764 |
| Aug 15 | 191.00 | 121.10 | 529101 |
| Sep 15 | 146.00 | 120.80 | 156511 |
| Oct 15 | 158.40 | 139.00 | 319971 |
| Nov 15 | 160.40 | 138.00 | 216560 |
| Dec 15 | 174.70 | 146.60 | 163258 |
| Jan 16 | 175.40 | 135.00 | 131220 |
| Feb 16 | 140.70 | 95.00 | 130202 |
| Mar 16 | 158.20 | 108.10 | 889849 |

b) National Stock Exchange of India Ltd.

| Month | Highest | Lowest | Total No. of Shares traded |
|--------|---------|--------|----------------------------|
| Apr 15 | 230.00 | 195.00 | 918552 |
| May 15 | 214.95 | 186.00 | 716366 |
| Jun 15 | 209.25 | 170.70 | 861521 |
| Jul 15 | 202.90 | 179.75 | 1124677 |
| Aug 15 | 190.90 | 124.00 | 1497509 |
| Sep 15 | 145.85 | 120.85 | 540882 |
| Oct 15 | 159.00 | 134.20 | 864130 |
| Nov 15 | 160.00 | 132.60 | 633056 |
| Dec 15 | 173.00 | 145.95 | 441651 |
| Jan 16 | 174.90 | 135.90 | 444348 |
| Feb 16 | 142.00 | 95.15 | 446649 |
| Mar 16 | 158.80 | 109.70 | 3900054 |

13.11) Registrar and Transfer agent:

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

13.12) Share transfer system:

All valid requests for transfer of equity shares in physical mode received for transfer at the office of the Registrar and Transfer Agents or at the Registered Office of the Company are processed and returned within a period of 15 days from the date of receipt.

13.13) Shareholding as on March 31, 2016.

a. Distribution of Shareholding as on March 31, 2016.

| Range of equity shares held | No. of Shareholders | % | Number of Shares | Face Value per equity shares (in ₹) | % of Shareholding |
|-----------------------------|---------------------|---------------|------------------|-------------------------------------|-------------------|
| Up to-500 | 9619 | 89.27 | 1114362 | 11143620 | 6.66 |
| 501-1000 | 578 | 5.36 | 471622 | 4716220 | 2.82 |
| 1001-2000 | 288 | 2.67 | 439374 | 4393740 | 2.62 |
| 2001-3000 | 82 | 0.76 | 207878 | 2078780 | 1.24 |
| 3001-4000 | 41 | 0.38 | 149036 | 1490360 | 0.89 |
| 4001-5000 | 35 | 0.32 | 164045 | 1640450 | 0.98 |
| 5001-10000 | 67 | 0.62 | 476057 | 4760570 | 2.84 |
| 10000 and Above | 65 | 0.60 | 13721419 | 137214190 | 81.95 |
| Total | 10775 | 100.00 | 16743793 | 167437930 | 100.00 |

b. Categories of Shareholding as on March 31, 2016.

| S.N. | Category | Number of Shares holders | % of Shareholders | No. of Shares | % of Shareholding |
|------|------------------------------------|--------------------------|-------------------|-----------------|-------------------|
| 1 | Resident Individuals | 10162 | 94.31 | 3470446 | 20.73 |
| 2 | Non Resident Indians (Individuals) | 190 | 1.76 | 272097 | 1.63 |
| 3 | Corporate Bodies (Promoter) | 1 | 0.01 | 37500 | 0.22 |
| 4 | Corporate Bodies | 290 | 2.69 | 3496255 | 20.88 |
| 5 | Mutual funds | 3 | 0.03 | 828709 | 4.95 |
| 6 | Banks | 1 | 0.01 | 5953 | 0.04 |
| 6 | Directors (Promoter) | 2 | 0.02 | 5083688 | 30.36 |
| 7 | Directors Relatives (Promoter) | 6 | 0.06 | 3266000 | 19.51 |
| 8 | Financial Institutions | 1 | 0.01 | 10724 | 0.06 |
| 9 | Trust | 1 | 0.01 | 149174 | 0.89 |
| 10 | Clearing Member | 84 | 0.78 | 31058 | 0.19 |
| 11 | Corporate Body (Broker) | 34 | 0.32 | 92189 | 0.55 |
| | Total | 10775 | 100.00 | 16743793 | 100.00 |

c. Dematerialization of Shares 31/03/2016.

| S.N. | Mode of Holding | No. of Shareholders | No. of Shares | % age |
|------|-----------------|---------------------|-----------------|---------------|
| 1 | NSDL | 6551 | 13583392 | 81.13 |
| 2 | CDSL | 4160 | 3055793 | 18.25 |
| 3 | Physical | 64 | 104608 | 0.62 |
| | Total | 10775 | 16749793 | 100.00 |

99.38% of the Company's Paid-up Equity Share Capital is dematerialized as on March 31, 2016. Trading in Equity Shares of the Company is permitted only in dematerialized form.

13.14) Address for correspondence

The Shareholder may address their communication/suggestions/grievances/queries to:-

The Company Secretary

Shakti Pumps (India) Limited

Plot No. 401, 402, 413, Sector III , Industrial Area

Pithampur Dist. Dhar- M.P.-454774.

Tel:- 07292 410552 | Fax:-07292 410519

Email:-cs@shaktipumpsindia.com

13.15) Plant location

i) Plot No. 401, 402 & 413, Sector III, Industrial Area, Pithampur District - Dhar, M.P. 454774

ii) SEZ Unit: Sector III F - 14,15 Phase - I, Pithampur, Dist. - Dhar, M.P. 454774

13.16) Details of Compliance with mandatory requirements and adoption of non-mandatory requirements:

Compliance with Mandatory requirements and adoption of Non-Mandatory requirement of Clause 49 of the Listing Agreement/ SEBI Listing Regulation 2015:-

The company has complied with all mandatory requirements as per clause 49 of the Listing agreement/ SEBI Listing Regulation 2015. Statutory auditor's certificate to this effect has been included in this report SEBI Listing Regulation 2015.

The company has also adopted the following non mandatory requirements under clause 49 of the Listing Agreement / SEBI Listing Regulation 2015.

a) The internal auditors of the company are directly reporting to the audit committee of the Board

Declaration Code of Conduct

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for the its member and senior management personnel of the Company and the same has also been posted on the Company's website. It is further confirmed that All the Director and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended 31st March, 2016, as envisaged under SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Date: May 30, 2016

Place: Pithampur

Dinesh Patidar
Managing Director
DIN:-00549552

Certificate of Compliance with The Corporate Governance

To,
The Members,
SHAKTI PUMPS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance of M/s SHAKTI PUMPS (INDIA) LIMITED ("the Company"), for the year ended on March 31, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provision of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as referred to in regulation 15 (2) of the SEBI Listing Regulation 2015 for the period 1st December 2015 to 31st March 2016.

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 conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ SEBI Listing Regulations, as applicable.

We further 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: May 30, 2016

Vinay Gandhi
(Proprietor)
M. No. 75972

CEO/CFO Certificate

(Pursuant to Regulation 17(8) of the Listing Regulations the CEO/ CFO Certificate as Per the Format Specified In Part B of Schedule II of the Listing Regulations 2015).

To,
Shakti Pumps (India) Limited
Plot No. 401, 402, & 413, Sector III, Industrial Area
Pithampur M.P.-454775

30th May, 2016

Certification by Managing Director, Chief Financial Officer

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of SHAKTI PUMPS (INDIA) LIMITED, to the best of our knowledge and belief certifies that:-

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March, 31, 2016 and that to the best of our knowledge and belief;
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain any 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 laws and regulations.
- b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated, to the Auditors and the Audit Committee:-
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Yours faithfully,

For Shakti Pumps (India) Limited

For Shakti Pumps (India) Limited

Dinesh Patidar
Managing Director
DIN:-00549552

Akhilesh Maru
Chief Financial Officer

Financial **Section**

Independent Auditor's Report

To The Members of,
SHAKTI PUMPS (INDIA) LTD.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SHAKTI PUMPS (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into accounts the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent available.

2. As required by section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations 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 those books;
 - c. the balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act; and
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. with respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its financial position;
 - ii) the company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For **Vinay Gandhi & Associates**
Chartered Accountants
FRN: 014442C

Place: Pithampur
Date : 30.05.2016

Vinay Gandhi
Proprietor
M No. 75972

Annexure “A” to the Auditor’s Report

The Annexure referred to in our Independent Auditors Report to the members of the company on the standalone financial statements for the year ended 31 March 2016, we report that:

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.

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 by the company to companies, firms or other parties covered in the register maintained under section 189 of the act:

- a) The company has granted loan to one body corporate covered in the register maintained under section 189 of the Act as follows:

| Name of the Party | Max. Amount Outstanding during The Year | Balance as on 31.03.2016 |
|-----------------------|---|--------------------------|
| Vintex Tools Pvt. Ltd | Rs.1,00,582,659/- | Rs.1,00,582,659/- |

- b) In case of loan granted to the body corporate listed in the register maintained under section 189 of the Act, the borrower have been regular in the payment of the interest as stipulated. The terms do not stipulate any repayment schedule and the loans are repayable on demand.
- c) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to the body corporate listed in the register maintained under section 189 of the Act.

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 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 (v) of paragraph 3 of the order is not applicable to the company.
6. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148 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.

7. 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, employees' state insurance, Income Tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities.

b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of 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, sales tax & income tax as at 31st March 2016 which have not been deposited or partially been deposited on account of a dispute, are as below :

| Name of the statute | Nature of dues | Amount (Rs. In Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------|--|-----------------------|------------------------------------|---|
| The Central Excise Act, 1944 | Excise duty Including Interest and penalty | 47.70 | FY 2005-06 | Appellate Tribunal, New Delhi |
| The Income Tax Act, 1961 | Income Tax Demand including Interest | 19.09 | FY 2007-08 | CIT – Appeal |
| | Income Tax Demand including Interest | 20.83 | FY 2008-09 | CIT – Appeal |
| | Income Tax Demand including Interest | 165.51 | FY 2009-10 | CIT – Appeal |
| | Income Tax Demand including Interest | 50.00 | FY 2010-11 | CIT – Appeal |
| | Income Tax Demand including Interest | 16.75 | FY 2011-12 | CIT – Appeal |
| Commercial Tax | VAT and Entry Tax demand | 70.44 | FY 2010-11 | M.P. High Court, Indore Bench |
| | VAT and CST demand | 6.16 | FY 2010-11 | M.P. Commercial Tax Appeal Board, Bhopal |
| | VAT, CST and Entry Tax demand | 12.46 | FY 2012-13 | Appellate Authority, Commercial Tax, Indore |
| | VAT, CST and Entry Tax demand | 11.38 | FY 2013-14 | Appellate Authority, Commercial Tax, Indore |

c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund time to time.

8. The company does not have accumulated losses as at March 31, 2016. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

9. 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.

10. According to the information and explanation given to us, the company has given guarantee to the tune of Rs.9.62 Crores for loans taken by Shakti Irrigation India Limited from banks during the year for setting up micro irrigation plant.

11. 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.

12. 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

Place: Pithampur
Date : 30.05.2016

Vinay Gandhi
Proprietor
M No. 75972

Annexure “B” to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Shakti Pumps India Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such

controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial

reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Vinay Gandhi & Associates**
Chartered Accountants
FRN: 014442C

Place: Pithampur
Date : 30.05.2016

Vinay Gandhi
Proprietor
M No. 75972

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 Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

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 directly attributable for bringing the assets to its working condition for its intended use less accumulated depreciation.

Projects under which assets are not ready for their intended use are disclosed under Capital Work in Progress.

D. Depreciation

Depreciation has been charged on fixed assets on Straight-Line Method basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

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 year-end are restated at the year-end 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. Non-Current 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 which comprises of cost of purchase, cost of conversion, and other manufacturing overheads incurred in bringing them to their respective present location and condition.

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 passing of title to customers. Sales are excluding of VAT, Excise duty and adjustment for rate difference. 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.

Significant Accounting Policies & Notes

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 as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. 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 recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

N. Segment Reporting

The Company is mainly engaged in the business of manufacturing various types 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 Markets 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.

Balance Sheet as at 31 March, 2016

(Amount in ₹)

| Particulars | Notes No. | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------|-----------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 |
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| Share Capital | 1 | 31,74,37,930 | 31,74,37,930 |
| Reserves and Surplus | 2 | 1,73,32,03,429 | 1,77,67,19,166 |
| | | 2,05,06,41,359 | 2,09,41,57,096 |
| 2 Non-Current Liabilities | | | |
| Long-Term Borrowings | 3 | 4,64,89,425 | 16,57,76,012 |
| Deferred Tax Liability (Net) | 4 | 6,97,09,156 | 6,25,54,618 |
| | | 11,61,98,581 | 22,83,30,630 |
| 3 Current Liabilities | | | |
| Short-Term Borrowings | 5 | 82,39,18,897 | 70,42,50,101 |
| Trade Payables | 6 | 23,73,96,004 | 26,54,14,453 |
| Other Current Liabilities | 7 | 32,22,71,573 | 23,83,88,831 |
| Short-Term Provisions | 8 | 11,51,11,225 | 18,74,69,500 |
| | | 1,49,86,97,698 | 1,39,55,22,885 |
| TOTAL | | 3,66,55,37,638 | 3,71,80,10,612 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| Fixed Assets | | | |
| (i) Tangible Assets | 9 | 1,10,09,21,185 | 1,05,97,22,118 |
| (ii) Capital Work-In-Progress | | 8,20,14,383 | 4,61,00,937 |
| Non-Current Investments | 10 | 62,71,044 | 62,71,044 |
| Long-Term Loans and Advances | 11 | 10,35,68,776 | 10,24,85,600 |
| Other Non-Current Assets | 12 | 27,55,84,881 | 19,83,44,036 |
| | | 1,56,83,60,268 | 1,41,29,23,734 |
| 2 Current assets | | | |
| Inventories | 13 | 84,05,11,511 | 82,42,22,045 |
| Trade Receivables | 14 | 94,24,35,894 | 1,16,54,93,487 |
| Cash and Bank Balances | 15 | 6,25,69,116 | 6,57,60,680 |
| Short-Term Loans and Advances | 16 | 25,16,60,850 | 24,96,10,666 |
| | | 2,09,71,77,370 | 2,30,50,86,878 |
| TOTAL | | 3,66,55,37,638 | 3,71,80,10,612 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 27 | | |

As per our report of even date

For Vinay Gandhi & Associates
Chartered Accountants
FRN : 014442C

Vinay Gandhi
Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar
Chairman and Managing Director
DIN00549552

R. Shadananan
Company Secretary

Ramesh Patidar
Executive Director
DIN00931437

Akhilesh Maru
Chief Financial Officer

Statement of Profit & Loss for the year ended 31 March, 2016

(Amount in ₹)

| Particulars | Notes No. | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|-----------|---------------------------|---------------------------|
| 1 | 2 | 3 | 4 |
| I INCOME | | | |
| Revenue From Operations | | | |
| Sales of Products | 17 | 2,71,16,29,080 | 3,04,34,35,489 |
| Less : Excise Duty Recovered | | (7,31,49,836) | (5,82,04,129) |
| Net Sales | | 2,63,84,79,243 | 2,98,52,31,361 |
| Other Income | 18 | 8,37,43,048 | 11,45,19,399 |
| Total Revenue | | 2,72,22,22,292 | 3,09,97,50,760 |
| II EXPENDITURE | | | |
| Cost of Materials Consumed | 19 | 1,51,97,02,308 | 1,47,60,81,057 |
| Changes in Inventories of Finished Goods, Stock-in-Progress and Stock-in-Trade | 20 | (11,88,72,565) | (10,86,15,389) |
| Employee Benefits Expense | 21 | 41,03,58,027 | 34,66,78,053 |
| Finance Costs | 22 | 14,00,60,301 | 13,16,64,834 |
| Depreciation and Amortization Expense | 9 | 12,06,25,080 | 9,82,36,097 |
| Other Expenses | 23 | 61,60,64,573 | 80,54,58,647 |
| Total Expenses | | 2,68,79,37,723 | 2,74,95,03,298 |
| III Profit Before Tax | | 3,42,84,569 | 35,02,47,462 |
| IV Tax expense: | | | |
| Current Tax | | 73,79,071 | 8,80,04,592 |
| Deferred Tax | | 71,54,539 | 50,40,204 |
| MAT Credit Entitlement | | - | - |
| V Profit After Tax For The Year | | 1,97,50,959 | 25,72,02,665 |
| VI Earning per equity share of Face Value of Rs.10/- Each | | | |
| Basic | | 1.18 | 16.43 |
| Diluted | | 1.07 | 13.99 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 27 | | |

As per our report of even date

For Vinay Gandhi & Associates
Chartered Accountants
FRN : 014442C

Vinay Gandhi
Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar
Chairman and Managing Director
DIN00549552

R. Shadananan
Company Secretary

Ramesh Patidar
Executive Director
DIN00931437

Akhilesh Maru
Chief Financial Officer

Cash Flow Statement for the year ended 31 March, 2016

(Amount in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| 1 | 3 | 4 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit After Tax As Per Profit & Loss Account | 1,97,50,959 | 25,72,02,665 |
| Adjusted For : | | |
| Depreciation Exp. | 12,06,25,080 | 9,82,36,097 |
| Mics.Exp. Written off. | 23,36,581 | 23,66,535 |
| Interest Income | (1,81,56,534) | (2,08,61,902) |
| Interest Paid | 11,10,63,879 | 11,14,60,381 |
| Loss on Sale of Fixed Assets | 27,836 | - |
| Profit on Sale of Fixed Assets | - | - |
| Deferred expenditure not included above | (7,95,77,426) | (3,07,37,873) |
| Interest on Dividend Tax | (3,35,434) | - |
| Deffered Tax | 71,54,539 | 50,40,204 |
| Income Tax Short Provision of Previous Year | (56,22,138) | (67,09,545) |
| CSR Expenditure | - | (48,06,127) |
| | 13,75,16,382 | 15,39,87,769 |
| Operating Profit Before Working Capital Changes | 15,72,67,341 | 41,11,90,435 |
| Adjusted For : | | |
| (Increase)/Decrease in Trade & Other Receivables | 22,30,57,593 | (22,92,14,458) |
| (Increase)/Decrease in Inventories | (1,62,89,466) | (19,11,05,305) |
| Increase/(Decrease) in Trade Payables | (2,80,18,449) | (2,731,316) |
| Increase/(Decrease) in Other Current Liabilities & Provisions | 43,61,970 | (3,12,45,792) |
| | 18,31,11,647 | (45,42,96,872) |
| Net Cash Flow From Operating Activities (A) | 34,03,78,989 | (4,31,06,437) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (19,80,54,977) | (29,47,84,864) |
| Sale of Fixed Assets | 3,17,422 | 19,39,762 |
| Purchase of Investments | - | (7,30,988) |
| Interest Received | 181,56,534 | 2,08,61,902 |
| Deposits | 37,83,053 | (1,39,67,809) |
| Movement in Loan & Advances | (31,33,359) | 3,11,24,496 |
| Net Cash Used in Investing Activities (B) | (17,89,31,327) | (25,55,57,501) |

Cash Flow Statement for the year ended 31 March, 2016

(Amount in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| 1 | 3 | 4 |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long Term Borrowings (NET) | (11,91,42,398) | (12,43,27,451) |
| Short Term Borrowings (NET) | 11,96,68,796 | 1,59,78,382 |
| Dividend Paid (Inc. DDT) | (5,03,18,655) | (3,5668,951) |
| Interest on Term Loans & Others Paid | (11,10,63,879) | (11,14,60,381) |
| Proceeds From Issue of Equity Shares\Share Warrants (Including Premium) | - | 9,00,00,000 |
| Proceeds From Issue of CCPS (Including Premium) | - | 45,00,00,000 |
| Net Cash Used in Financing Activities (C) | (16,08,56,135) | 28,45,21,599 |
| Net Change in Cash & Cash Equivalents (A+B+C) | 5,91,527 | (1,41,42,338) |
| Cash & Cash Equivalents at the beginning of the year | 52,84,837 | 1,94,27,175 |
| Cash & Cash Equivalents at the end of the year | 58,76,364 | 52,84,837 |

Note :

- Figures in Brackets represent Cash Outflow
- Previous Year Figures Regrouped wherever necessary.

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadananan

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer

Notes on Financial Statements for the year ended 31 March, 2016

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

1. SHARE CAPITAL

(Amount in ₹)

| | | As at March 31, 2016 | | As at March 31, 2015 | |
|--|--|-------------------------|---------------------|-------------------------|---------------------|
| Authorised Share Capital: | | | | | |
| 25000000 | Equity Shares of Rs.10 each (Previous year 25000000 shares of Rs.10 each) | | 25,00,00,000 | | 25,00,00,000 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| Issued & Subscribed Capital | | | | | |
| 16923993 | Equity Shares of Rs.10 each (Previous year 16923993 shares of Rs.10 each) | | 16,92,39,930 | | 16,92,39,930 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| Paid Up Capital | | | | | |
| 16743793 | Equity Shares of Rs.10 each (Previous year 16743793 shares of Rs.10 each) | | 16,74,37,930 | | 16,74,37,930 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| TOTAL | | | 31,74,37,930 | | 31,74,37,930 |

1.1 Reconciliation of shares outstanding at the beginning and at the end of the year

| Equity Shares | | | | |
|------------------------------------|--|--|-------------|-------------|
| At the beginning of the year | | | 1,67,43,793 | 1,52,43,793 |
| Issued during the year | | | 0 | 15,00,000 |
| Outstanding at the end of the year | | | 1,67,43,793 | 1,67,43,793 |

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% Equity Shares :

| Name of the Shareholder | As at March 31, 2016 | | As at March 31, 2015 | |
|----------------------------------|----------------------|--------|----------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Dinesh Patidar | 35,21,488 | 21.03% | 35,21,488 | 21.03% |
| Ankit Patidar | 15,00,000 | 8.96% | 15,00,000 | 8.96% |
| Sunil Patidar | 15,62,200 | 9.33% | 15,62,200 | 9.33% |
| M.L.Securities & Finance Pvt.Ltd | 18,37,383 | 10.97% | 18,37,383 | 10.97% |

Notes on Financial Statements for the year ended 31 March, 2016

2. RESERVE & SURPLUS

(Amount in ₹)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| Capital Reserve | | | | |
| As per Last Balance Sheet | 20,57,800 | | 20,57,800 | |
| | | 20,57,800 | | 20,57,800 |
| Securities Premium Reserve | | | | |
| As per Last Balance Sheet | 74,61,45,471 | | 34,11,45,471 | |
| Add: Received During the year | | | | |
| Premium on Equity Shares | - | | 10,50,00,000 | |
| Premium on CCPS | - | | 30,00,00,000 | |
| | | 74,61,45,471 | | 74,61,45,471 |
| General Reserve | | | | |
| As per Last Balance Sheet | 1,02,85,15,895 | | 83,29,43,876 | |
| Add: Transferred from Profit & Loss Account | - | | 19,55,72,019 | |
| Less: Proposed Dividend | (2,51,15,690) | | - | |
| Dividend on CCPS | (2,25,00,000) | | - | |
| | | 98,09,00,205 | | 1,02,85,15,895 |
| Profit & Loss Account | | | | |
| As Per Last Balance Sheet | - | | - | |
| Add: Profit for the Year | 1,97,50,959 | | 25,72,02,665 | |
| Less: Appropriations/Adjustments | | | | |
| Proposed Dividend | - | | (3,34,87,586) | |
| Dividend on CCPS | - | | (84,45,205) | |
| Dividend Tax | (96,93,434) | | (83,85,864) | |
| CSR Expenditure | - | | (48,06,127) | |
| Excess Provision for Income Tax FY 2012-13 | - | | - | |
| Income Tax Related to Earlier Year | - | | - | |
| Interest on Dividend Tax | (3,35,434) | | - | |
| Interest on Income Tax | (8,66,400) | | - | |
| Creditors Written off During IT AY 2012-2013 | - | | 2,03,680 | |
| Short Provision of Income Tax | (47,55,737) | | (67,09,545) | |
| Transferred to General Reserve | - | | (19,55,72,019) | |
| | | 40,99,952 | | - |
| TOTAL | | 1,73,32,03,429 | | 1,77,67,19,166 |

3. LONG TERM BORROWINGS

(Amount in ₹)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--------------------------------------|-------------------------|--------------------|-------------------------|---------------------|
| SECURED | | | | |
| Term Loan | | | | |
| From Banks | | | | |
| Rupee Loan | 2,50,13,266 | | 0 | |
| Foreign Currency Loan | 2,00,00,000 | | 10,38,38,723 | |
| | | 4,50,13,266 | | 10,38,38,723 |
| External Commercial borrowing | | | | |
| From Banks | | | | |
| Foreign Currency Loan | 0 | | 5,86,87,500 | |
| | | 0 | | 5,86,87,500 |
| Vehicle Loan | 14,76,159 | | 32,49,790 | |
| | | 14,76,159 | | 32,49,790 |
| TOTAL | | 4,64,89,425 | | 16,57,76,012 |

Notes on Financial Statements for the year ended 31 March, 2016

3. LONG TERM BORROWINGS (contd.)

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

| | | | |
|--|--|---------------------|---------------------|
| Term Loan | | | |
| From Banks- Rupee Loan | | 6,57,10,943 | 6,08,58,305 |
| From Banks- Foreign Currency Term Loan | | 2,66,66,664 | 2,68,00,000 |
| External Commercial Borrowing | | 5,68,31,250 | 5,86,68,750 |
| Vehicle Loan | | 23,54,640 | 50,92,252 |
| | | 15,15,63,497 | 15,14,19,307 |

3.2 Borrowings from banks and ECB are secured by way of :-

Primary - All the current assets of the company situated at Plot No. 1 Sector A, Pithampur Distt. Dhar, M.P., Plot No. F-14 & 15, Phase-I, Sector III SEZ, Pithampur and Plot No. 401,402 & 413, Sector III, Industrial Estate, Pithampur and Plot No.400 & 412A, Sector III, Industrial Estate, Pithampur, Dist. Dhar, M.P.

Collateral-All the fixed assets of the company situated at Plot No. 1 Sector A, Pithampur Distt. Dhar, M.P., Plot No. F-14 & 15, Phase-I, Sector III SEZ, Pithampur and Plot No. 401,402 & 413, Sector III, Industrial Estate, Pithampur and Plot No. 400 & 412A, Sector III, Industrial Estate, Pithampur, Dist. Dhar, M.P.

3.3 Vehicle Loans are secured by respective vehicles.

4. DEFERRED TAX LIABILITY (Net)

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|------------------------|-------------------------|-------------------------|
| Deferred Tax Liability | 6,97,09,156 | 6,25,54,618 |
| TOTAL (NET) | 6,97,09,156 | 6,25,54,618 |

5. SHORT TERM BORROWINGS

(Amount in ₹)

| SECURED | | | |
|-----------------------|---------------------|--------------|---------------------|
| Working Capital Loans | | | |
| From Banks | | | |
| Rupee Loan | 40,61,58,491 | 17,45,53,782 | |
| Foreign Currency Loan | 0 | 12,33,32,625 | |
| | 40,61,58,491 | | 29,78,86,407 |
| Packing Credit Limit | 41,77,60,406 | 40,63,63,694 | |
| | 41,77,60,406 | | 40,63,63,694 |
| TOTAL | 82,39,18,897 | | 70,42,50,101 |

5.1 Working Capital loans and packing credit are secured as below :

Primary - All the current assets of the company situated at Plot No. 1 Sector A, Pithampur Distt. Dhar, M.P., Plot No. F-14 & 15, Phase-I, Sector III SEZ, Pithampur and Plot No. 401,402 & 413, Sector III, Industrial Estate, Pithampur and Plot No.400 & 412A, Sector III, Industrial Estate, Pithampur, Dist.Dhar, M.P.

Collateral-All the fixed assets of the company situated at Plot No. 1 Sector A, Pithampur Distt. Dhar, M.P., Plot No. F-14 & 15, Phase-I, Sector III SEZ, Pithampur and Plot No. 401,402 & 413, Sector III, Industrial Estate, Pithampur and Plot No.400 & 412A, Sector III, Industrial Estate, Pithampur, Dist.Dhar, M.P.

Notes on Financial Statements for the year ended 31 March, 2016

5. SHORT TERM BORROWINGS (contd.)

5.2 Personal Guarantee of Directors & Others.

6. TRADE PAYABLES

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------|-------------------------|-------------------------|
| Creditors for Raw Material | 23,73,96,004 | 26,54,14,453 |
| TOTAL | 23,73,96,004 | 26,54,14,453 |

7. OTHER CURRENT LIABILITIES

| | | |
|--|---------------------|---------------------|
| Current Liabilities of Long Term Debt (Refer Note 3) | 15,15,63,497 | 15,14,19,307 |
| Creditors for Capital Expenditure | 7,16,98,922 | 4,85,25,642 |
| Creditors for service & others | 5,90,83,091 | 1,28,20,536 |
| Unclaimed Dividend | 17,89,798 | 15,92,486 |
| Advance from Customers | 2,09,13,877 | 1,22,55,621 |
| Statutory Payable | 1,13,87,569 | 83,97,238 |
| Expenses Payable | 58,34,819 | 33,78,001 |
| | 32,22,71,573 | 23,83,88,831 |

8. SHORT TERM PROVISIONS

| | | |
|---------------------------------|---------------------|---------------------|
| Provision for Employee Benefits | 5,04,23,029 | 4,91,46,253 |
| Others | | |
| Proposed Dividend | 2,51,15,690 | 3,34,87,586 |
| Dividend on CCPS | 2,25,00,000 | 84,45,205 |
| Tax on Dividend | 96,93,434 | 83,85,864 |
| Provision for Income Tax | 73,79,071 | 8,80,04,592 |
| | 6,46,88,195 | 13,83,23,247 |
| TOTAL | 11,51,11,225 | 18,74,69,500 |

Notes on Financial Statements for the year ended 31 March, 2016

9. Fixed Assets

(Amount in ₹)

| Sn | Description | Gross Block as on 01.04.2015 | Addition | Deletion | Gross Block as on 31.03.2016 | Depreciation For the year | Depreciation up to 31.03.2016 | Deletion | Total | Net Block as on 31.03.2016 |
|----|-------------------|------------------------------|---------------------|-----------------|------------------------------|---------------------------|-------------------------------|---------------|---------------------|----------------------------|
| 1 | Computers | 3,50,34,554 | 74,52,412 | 1,01,586 | 4,23,85,380 | 46,55,393 | 1,87,76,334 | 52,950 | 2,33,78,777 | 1,90,06,603 |
| 2 | Equipments | 2,38,09,054 | 42,44,572 | 7,500 | 2,80,46,125 | 24,49,839 | 69,62,974 | 193 | 94,12,621 | 1,86,33,504 |
| 3 | Office Buildings | 3,12,79,238 | 0 | 0 | 3,12,79,238 | 4,94,212 | 15,34,232 | 0 | 20,28,444 | 2,92,50,794 |
| 4 | Factory Buildings | 19,42,54,758 | 28,48,197 | 0 | 19,71,02,956 | 62,20,921 | 3,09,93,739 | 0 | 3,72,14,660 | 15,98,88,296 |
| 5 | Furniture | 3,87,35,516 | 57,56,166 | 0 | 4,44,91,682 | 40,19,117 | 1,37,76,172 | 0 | 1,77,95,289 | 2,66,96,393 |
| 6 | Land | 1,78,38,087 | 0 | 0 | 1,78,38,087 | 0 | 0 | 0 | 0 | 1,78,38,087 |
| 7 | Plant & Machinery | 59,45,30,683 | 5,87,81,895 | 2,30,122 | 65,30,82,456 | 3,95,66,372 | 14,46,92,768 | 40,402 | 18,42,18,738 | 46,88,63,718 |
| 8 | Tools | 52,72,83,836 | 8,30,58,291 | 76,067 | 61,02,66,061 | 6,13,95,034 | 20,21,65,147 | 4,346 | 26,35,55,836 | 34,67,10,225 |
| 9 | Vehicles | 1,92,02,022 | 0 | 0 | 1,92,02,022 | 18,24,192 | 33,44,264 | 0 | 51,68,456 | 1,40,33,566 |
| | Total | 1,48,19,67,749 | 16,21,41,533 | 4,15,274 | 1,64,36,94,008 | 12,06,25,080 | 42,22,45,631 | 97,890 | 54,27,72,822 | 1,10,09,21,185 |
| 10 | Capital W.I.P | 4,61,00,937 | 3,59,13,445 | | 8,20,14,383 | 0 | 0 | 0 | 0 | 8,20,14,383 |
| | Total | 1,52,80,68,686 | 19,80,54,978 | 4,15,274 | 1,72,57,08,390 | 12,06,25,080 | 42,22,45,631 | 97,890 | 54,27,72,822 | 1,18,29,35,567 |

Notes on Financial Statements for the year ended 31 March, 2016

10. NON CURRENT INVESTMENTS

(Amount in ₹)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|--|-------------------------|------------------|-------------------------|------------------|
| Non-Trade Investments | | | | |
| In Equity Shares of Subsidiaries | | | | |
| Unquoted Fully Paid Up | | | | |
| 1 Shares of Shakti Pumps FZE , Sharjah UAE of AED 150000 each | 22,06,115 | | 22,06,115 | |
| 65000 Shares of Shakti Pumps USA LLC, USA of USD 1 each | 33,31,941 | | 33,31,941 | |
| 15000 Shares of Shakti Pumps Pty Ltd., Australia of AUD 1 each | 7,30,988 | 62,69,044 | 7,30,988 | 62,69,044 |
| In Equity shares of Others | | | | |
| Unquoted Fully Paid Up | | | | |
| Cosmos Bank | 2,000 | | 2,000 | |
| | | 2,000 | | 2,000 |
| TOTAL | | 62,71,044 | | 62,71,044 |

11. LONG TERM LOANS & ADVANCES

| | | | | |
|--------------------------------|--|---------------------|--|---------------------|
| (Unsecured & Considered Good) | | | | |
| Advance for Capital Goods | | 29,86,117 | | 71,58,828 |
| Loan to Related Parties | | 10,05,82,659 | | 9,53,26,772 |
| TOTAL | | 10,35,68,776 | | 10,24,85,600 |

12. OTHER NON-CURRENT ASSETS

| | | | | |
|---|--|---------------------|--|---------------------|
| Miscellaneous Expenditure | | 24,27,55,698 | | 17,38,14,854 |
| Trade Receivables (More than 365 Days) | | 3,28,29,182 | | 2,45,29,182 |
| (to the extent not written off or adjusted) | | 27,55,84,881 | | 19,83,44,036 |

13. INVENTORIES

| | | | | |
|-----------------|--|---------------------|--|---------------------|
| Raw Material | | 26,47,28,213 | | 36,73,11,312 |
| Work In Process | | 29,82,83,803 | | 25,35,50,060 |
| Finished Goods | | 27,74,99,494 | | 20,33,60,672 |
| TOTAL | | 84,05,11,511 | | 82,42,22,045 |

Notes on Financial Statements for the year ended 31 March, 2016

14. TRADE RECEIVABLES

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------|-------------------------|-------------------------|
| (Unsecured & Considered good) | | |
| Over Six Months | 36,80,39,473 | 46,30,68,422 |
| Others | 57,43,96,421 | 70,24,25,065 |
| TOTAL | 94,24,35,894 | 1,16,54,93,487 |

15. CASH & BANK BALANCES

| | | |
|--------------------------|--------------------|--------------------|
| Balances with Banks | 50,98,470 | 41,63,736 |
| Cash Balance | 7,77,856 | 11,21,101 |
| Fixed Deposits With Bank | 5,66,92,790 | 6,04,75,843 |
| TOTAL | 6,25,69,116 | 6,57,60,680 |

15.1 Balance with Banks includes Unclaimed Dividend of Rs.17,89,798/- (Previous year Rs.15,92,486/-)

16. SHORT TERM LOAN & ADVANCES

| | | |
|-------------------------------------|---------------------|---------------------|
| Balances With Statutory authorities | 6,59,39,977 | 5,91,78,008 |
| Advance Income Tax | 3,60,00,000 | 4,85,00,000 |
| Advance for Salary & tour | 1,07,37,171 | 60,18,284 |
| Prepaid Expenses | 59,74,404 | 1,04,48,739 |
| Deposits | 4,25,86,424 | 2,88,78,760 |
| Other Short Term Loan & Advances | 9,04,22,873 | 9,65,86,875 |
| TOTAL | 25,16,60,850 | 24,96,10,666 |

17. REVENUE FROM OPERATION

| | | |
|----------------------------|-----------------------|-----------------------|
| Sales of Finished Products | 2,71,16,29,080 | 3,04,34,35,489 |
| TOTAL | 2,71,16,29,080 | 3,04,34,35,489 |

17.1 Detail of Sales

| | | |
|------------------|-----------------------|-----------------------|
| Sale of Products | | |
| Domestic | 1,58,79,34,595 | 1,47,90,95,409 |
| Export | 1,12,36,94,485 | 1,56,43,40,080 |
| TOTAL | 2,71,16,29,080 | 3,04,34,35,489 |

18. OTHER INCOME

| | | |
|------------------------|--------------------|---------------------|
| Interest Income | 1,81,56,534 | 208,61,902 |
| Other Operating Income | 6,55,86,514 | 9,36,57,497 |
| TOTAL | 8,37,43,048 | 11,45,19,399 |

Notes on Financial Statements for the year ended 31 March, 2016

19. COST OF MATERIAL CONSUMED

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| Opening Stock of Raw Material | 36,73,11,312 | 28,48,21,396 |
| Add: Purchase of Raw Material | 1,41,71,19,208 | 1,55,85,70,973 |
| | 1,78,44,30,521 | 1,84,33,92,369 |
| Less: Closing Stock of Raw Material | 26,47,28,213 | 36,73,11,312 |
| TOTAL | 1,51,97,02,308 | 1,47,60,81,057 |

19.1 Value of Raw Material Consumed

| | Amount (in Rs.) | % of Consumption | Amount (in Rs.) | % of Consumption |
|------------|-----------------------|---------------------|----------------------|---------------------|
| Imported | 40,28,41,942 | 26.51 | 48,41,73,463 | 32.80 |
| Indegenous | 1,11,68,60,365 | 73.49 | 99,19,07,594 | 67.20 |
| | 1,51,97,02,308 | 100.00 | 14,76,081,057 | 100.00 |

20. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS

| | | | |
|--------------------------------------|--------------|---------------------|---------------------|
| Inventories (at Close) | | | |
| Finished Goods/Stock in Trade | 27,74,99,494 | | 20,33,60,672 |
| Stock In Process | 29,82,83,803 | | 25,35,50,060 |
| | | 57,57,83,298 | 45,69,10,732 |
| Inventories (at Commencement) | | | |
| Finished Goods/Stock in Trade | 20,33,60,672 | | 15,86,23,739 |
| Stock In Process | 25,35,50,060 | | 18,96,71,604 |
| | | 45,69,10,732 | 34,82,95,343 |
| TOTAL | | 11,88,72,565 | 10,86,15,389 |

21. EMPLOYEE BENEFIT EXPENSES

| | | | |
|---|--|---------------------|---------------------|
| Salaries & Wages (Including Bonus) | | 38,16,76,065 | 31,90,97,413 |
| Contribution to Provident & Other Funds | | 1,29,24,926 | 98,72,747 |
| Staff Welfare Expenses | | 1,57,57,035 | 1,77,07,893 |
| | | 41,03,58,027 | 34,66,78,053 |

22. FINANCE COST

| | | | |
|-------------------|--|---------------------|---------------------|
| Interest to Bank | | 10,54,15,302 | 11,02,23,543 |
| Interest to Other | | 56,48,577 | 12,36,838 |
| Bank Charges | | 2,89,96,423 | 2,02,04,453 |
| TOTAL | | 14,00,60,301 | 13,16,64,834 |

Notes on Financial Statements for the year ended 31 March, 2016

23. OTHER EXPENSES

(Amount in ₹)

| | As at | | As at | |
|--|----------------|---------------------|----------------|---------------------|
| | March 31, 2016 | | March 31, 2015 | |
| MANUFACTURING EXPENSES | | | | |
| Power & Fuel | 2,16,75,451 | | 2,03,35,850 | |
| Job Work Expenses | 1,72,19,683 | | 2,59,48,345 | |
| Entry Tax | 31,90,648 | | 24,21,436 | |
| Freight Charges | 2,59,47,102 | | 2,42,17,813 | |
| Other Manufacturing Exp. | 2,45,62,711 | | 2,47,54,998 | |
| | | 9,25,95,595 | | 9,76,78,443 |
| ADMINISTRATIVE EXPENSES | | | | |
| Directors Remuneration | 2,02,02,820 | | 2,01,43,620 | |
| Telephone Expenses | 76,15,440 | | 68,36,573 | |
| Conveyance Expenses | 2,15,05,383 | | 2,01,20,835 | |
| Consultancy Charges | 92,16,682 | | 44,63,111 | |
| Other Office Exp. | 92,23,728 | | 1,09,04,458 | |
| | | 6,77,64,054 | | 6,24,68,597 |
| SELLING & DISTRIBUTION EXPENSES | | | | |
| Clearing & Forwarding Charges | 83,70,672 | | 60,35,348 | |
| Office & Godown Rent | 52,40,672 | | 41,40,960 | |
| Travelling Expenses | 10,20,71,875 | | 7,46,99,184 | |
| Advertising Exp. | 4,05,54,141 | | 10,92,00,356 | |
| Market Development Exp. | 4,85,79,840 | | 4,94,42,359 | |
| Exhibition and Promotional Exp. | 10,70,453 | | 46,19,126 | |
| Transportation Charges | 7,05,45,343 | | 5,27,19,642 | |
| ECGC Premium | 19,39,688 | | 51,51,430 | |
| Other Expenses | 14,86,00,428 | | 31,50,34,786 | |
| | | 42,69,73,111 | | 62,10,43,190 |
| OTHER EXPENSES | | | | |
| Legal & Professional Exp. | 87,24,193 | | 87,57,738 | |
| Payment to Auditors | 3,00,000 | | 3,00,000 | |
| Repair & Maintenance | 47,05,075 | | 3,77,211 | |
| Taxes & Duties | 1,08,75,682 | | 7,72,918 | |
| Other Exp. | 17,90,281 | | 1,33,77,46 | |
| | | 2,63,95,231 | | 2,19,01,882 |
| MISC. EXP. WRITTEN OFF | | 23,36,581 | | 23,66,535 |
| TOTAL | | 61,60,64,573 | | 80,54,58,647 |

23.1 Payment To Auditors As

| | | | | |
|--------------------------|--|-----------------|--|-----------------|
| (a) Auditor | | 1,30,000 | | 1,30,000 |
| (b) For Taxation Matters | | 1,10,000 | | 1,10,000 |
| (c) For Other Services | | 60,000 | | 60,000 |
| | | 3,00,000 | | 3,00,000 |

Notes on Financial Statements for the year ended 31 March, 2016

24. ADDITIONAL INFORMATION

24.1 Value of Imports on CIF basis in respect of

| | As at March 31, 2016 | As at March 31, 2015 |
|---------------|-------------------------|-------------------------|
| Raw Material | 27,64,50,920 | 51,12,31,210 |
| Capital Goods | 1,14,01,504 | 62,59,178 |
| | 28,78,52,424 | 51,74,90,388 |

24.2 Expenditure in Foreign Currency

| | | |
|-------------------------------|--------------------|--------------------|
| Exhibition & Promotional Exp. | 61,21,844 | 37,30,185 |
| Travelling Exp. | 3,33,19,763 | 2,30,29,074 |
| Advertisement Exp. | 46,66,649 | 10,26,012 |
| | 4,41,08,256 | 2,77,85,271 |

24.3 Earning in Foreign Currency

| | | |
|----------------------|-----------------------|-----------------------|
| FOB Value of Exports | 1,08,72,34,192 | 1,32,78,67,834 |
| | 1,08,72,34,192 | 1,32,78,67,834 |

25. RELATED PARTY DISCLOSURES

(i) Value of Imports on CIF basis in respect of

| S. No. | Name of Related Party | Relationship |
|--------|---------------------------------|---|
| 1 | Shakti Pumps LLC, USA | Wholly Owned Subsidiary Companies |
| 2 | Shakti Pumps FZE, UAE | |
| 3 | Shakti Pumps Pty Ltd. Australia | |
| 4 | Shakti Irrigation India Limited | Enterprise over Which Key management are able to exercise significant influence |
| 5 | Vintex Tools Pvt. Ltd | Enterprise over Which Relative of Key Mgt. are able to exercise significant influence |
| 6 | Shakti Energy Solutions Pvt.Ltd | Enterprise over Which Relative of Key Mgt. are able to exercise significant influence |
| 7 | Dinesh Patidar | Key Managarial Personnel |
| 8 | Sunil Patidar | |
| 9 | Ramesh Patidar | |

(ii) Transaction during the year with related parties.

| S. No. | Name of Party | Nature of Transaction | Amount in Rs. |
|--------|-----------------------------------|---------------------------|---------------|
| 1 | Shakti Pumps LLC, USA | Sale of Pump & Motors | 16,63,25,589 |
| 2 | Shakti Pumps FZE, UAE | Sale of Pump & Motors | 29,07,79,907 |
| 3 | Shakti Pumps Pty Ltd. Australia | Sale of Pump & Motors | 34,31,136 |
| 4 | Shakti Irrigation India Limited | Purchase of Components | 8,76,96,515 |
| 5 | Vintex Tools Pvt. Ltd | Purchase of Dies | 10,25,56,804 |
| | | Sale of Die Material | 98,559 |
| 6 | Shakti Energy Solutions Pvt. Ltd. | Purchase of Solar Systems | 6,43,14,751 |
| 7 | Dinesh Patidar | Remuneration | 1,68,00,000 |
| 8 | Sunil Patidar | Remuneration | 12,00,000 |
| | | Other Allowances | 1,09,600 |
| 9 | Ramesh Patidar | Remuneration | 19,20,000 |
| | | Other Allowances | 1,73,220 |

Notes on Financial Statements for the year ended 31 March, 2016

25. RELATED PARTY DISCLOSURES (contd.)

(iii) Balances as at 31.03.2016

| S. No. | Nature | Name of Party | Amount in Rs. |
|--------|-------------------|-----------------------------------|---------------|
| 1 | Investments | Shakti Pumps USA LLC | 33,31,941 |
| | | Shakti Pumps FZE, UAE | 22,06,115 |
| | | Shakti Pumps Pty Ltd. Australia | 7,30,988 |
| 2 | Trade Receivables | Shakti Pumps USA LLC | 12,95,35,453 |
| | | Shakti Pumps FZE, UAE | 23,45,86,364 |
| | | Shakti Pumps Pty Ltd. Australia | 1,17,60,541 |
| 3 | Trade Payables | Vintex Tools Pvt. Ltd | 5,58,23,639 |
| | | Shakti Energy Solutions Pvt. Ltd. | 1,07,67,990 |
| 4 | Loan & Advances | Vintex Tools Pvt. Ltd | 10,05,82,659 |

26. FINANCIAL & DERIVATIVE INSTRUMENTS

- a) Derivative Contract entered into by the company for hedging foreign currency related risks:

The Company has converted the term loan into Foreign currency term loan and in order to hedge foreign currency related risk the company has entered into currency swap contract. Nominal amount of derivative contracts entered into by the company and outstanding as on 31.03.2016 is detailed below:

| S. No. | Particular | Amount in Rs. |
|--------|---------------|---------------|
| 1 | Currency Swap | 4,66,66,664 |
| | Total | 4,66,66,664 |

- b) Foreign Currency exposures that are not hedged by derivative instruments as on 31.03.2016 are as follows:

| Nature of Transaction | External Commercial Borrowing |
|-----------------------------|-------------------------------|
| Currency | USD |
| Balance in Foreign Currency | 9,37,500 |
| Balance in Rs. | 5,68,31,250 |

27. CONTINGENT LIABILITIES AND COMMITMENTS

| S. No. | Particulars | Amount in Lakhs as at 31.03.2016 |
|--------|-------------------------------------|----------------------------------|
| 1 | Bank Guarantee Outstanding | 357.39 |
| 2 | Unexpired Letter of Credit | 1,129.27 |
| 3 | Excise Demand Under Dispute | 47.70 |
| 4 | Commercial Tax Demand under Dispute | 100.44 |
| 5 | Income Tax Demand Under Dispute | 272.18 |

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur

Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadananan

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer

Consolidated Financial **Section**

Auditor's Report on Consolidated Financial Statements

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

Report on the Consolidated Financial Statements

We have audited the attached Consolidated Financial Statements of M/S. SHAKTI PUMPS (INDIA) LIMITED (the company) and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit & Loss Statement and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into accounts the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated

financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31 March 2016 and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

1. 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.

Our Opinion is not qualified in respect of other matters.

For **Vinay Gandhi & Associates**
Chartered Accountants
FRN: 014442C

Vinay Gandhi
Proprietor
M No. 75972

Place: Pithampur
Date : 30.05.2016

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 three wholly owned 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 | UAE | 100 | AED |
| 3 | Shakti Pumps Pty Ltd | Australia | 100 | AUD |

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

- a) 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".
- b) 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.
- c) 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".
- d) 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.
- e) 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.

Balance Sheet as at 31 March, 2016

(Amount in ₹)

| Particulars | Notes No. | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------|-----------|-----------------------|-----------------------|
| 1 | 2 | 3 | 4 |
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| Share Capital | 1 | 31,74,37,930 | 31,74,37,930 |
| Reserves and Surplus | 2 | 1,70,17,18,608 | 1,75,43,15,410 |
| | | 2,01,91,56,538 | 2,07,17,53,340 |
| 2 Non-Current Liabilities | | | |
| Long-Term Borrowings | - | 6,47,82,251 | 16,57,76,012 |
| Deferred Tax Liability (Net) | - | 6,97,09,156 | 6,25,54,618 |
| | | 13,44,91,407 | 22,83,30,630 |
| 3 Current Liabilities | | | |
| Short-Term Borrowings | - | 82,39,18,897 | 70,42,50,101 |
| Trade Payables | 3 | 24,48,50,744 | 26,65,93,322 |
| Other Current Liabilities | 4 | 32,65,20,860 | 25,25,53,243 |
| Short-Term Provisions | - | 11,51,11,225 | 18,74,69,500 |
| | | 1,51,04,01,726 | 1,41,08,66,165 |
| TOTAL | | 3,66,40,49,671 | 3,71,09,50,136 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| Fixed Assets | | | |
| Tangible Assets | - | 1,10,09,21,185 | 1,05,97,22,117 |
| Capital Work-In-Progress | | 8,20,14,383 | 4,61,00,937 |
| Non-Current Investments | 5 | 2,000 | 2,000 |
| Long-Term Loans and Advances | - | 10,35,68,776 | 10,24,85,600 |
| Other Non-Current Assets | - | 27,55,84,881 | 19,83,44,766 |
| | | 1,56,20,91,224 | 1,40,66,55,420 |
| 2 Current assets | | | |
| Inventories | 6 | 1,08,00,51,679 | 97,11,49,888 |
| Trade Receivables | 7 | 69,41,28,338 | 1,01,16,64,012 |
| Cash and Bank Balances | 8 | 7,60,44,539 | 7,18,01,949 |
| Short-Term Loans and Advances | 9 | 25,17,33,890 | 24,96,78,866 |
| | | 21,0,19,58,447 | 2,30,42,94,716 |
| TOTAL | | 3,66,40,49,671 | 3,71,09,50,136 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 19 | | |

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur

Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadanani

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer

Statement of Profit & Loss for the year ended 31 March, 2016

(Amount in ₹)

| Particulars | Notes No. | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|-----------|---------------------------|---------------------------|
| 1 | 2 | 3 | 4 |
| I INCOME | | | |
| Revenue From Operations | | | |
| Sales of Products | 10 | 2,71,54,23,611 | 3,02,43,59,311 |
| Less : Excise Duty Recovered | | (7,31,49,836) | (5,82,04,129) |
| | | 2,64,22,73,774 | 2,96,61,55,182 |
| Other Income | 11 | 8,77,34,651 | 11,47,69,054 |
| Total Revenue | | 2,73,00,08,426 | 3,08,09,24,236 |
| II EXPENDITURE | | | |
| Cost of Materials Consumed | 12 | 1,57,65,12,416 | 1,49,16,48,421 |
| Changes in Inventories of Finished Goods, Stock-in-Progress and Stock-in-Trade | 13 | (27,24,95,665) | (19,38,66,211) |
| Employee Benefits Expense | 14 | 42,01,71,933 | 35,07,71,669 |
| Finance Costs | 15 | 14,31,78,838 | 13,22,74,414 |
| Depreciation and Amortization Expense | | 12,06,25,080 | 9,82,36,097 |
| Other Expenses | 16 | 71,68,19,007 | 84,60,03,145 |
| Total Expenses | | 2,70,48,11,609 | 2,72,50,67,535 |
| III Profit Before Tax | | 2,51,96,816 | 35,58,56,701 |
| IV Tax expense: | | | |
| Current Tax | | 73,79,071 | 8,80,04,592 |
| Deferred Tax | | 71,54,539 | 50,40,204 |
| MAT Credit Aailed | | - | - |
| V Profit After Tax For The Year | | 1,06,63,207 | 26,28,11,905 |
| VI Earning per equity share: | | | |
| (i) Basic | | 0.64 | 16.79 |
| (ii) Diluted | | 0.58 | 14.30 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 19 | | |

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadananan

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer

Consolidated Cash Flow Statement for the year ended 31 March, 2016

(Amount in ₹)

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| 1 | 3 | 4 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit After Tax As Per Profit & Loss Account | 1,06,63,207 | 26,28,11,905 |
| Adjusted For : | | |
| Depreciation Exp. | 12,06,25,080 | 9,82,36,097 |
| Mics.Exp. Written off. | 23,36,581 | 23,66,535 |
| Interest Income | (1,81,56,534) | (2,08,61,902) |
| Interest Paid | 11,10,63,879 | 11,14,60,381 |
| Loss on Sale of Fixed Assets | 27,836 | - |
| Profit on Sale of Fixed Assets | - | - |
| Deferred expenditure not included above | (7,95,76,696) | (3,07,38,604) |
| Interest on Dividend Tax | (3,35,434) | - |
| Deffered Tax | 71,54,539 | 50,40,204 |
| Income Tax Short Provision of Previous Year | (56,22,138) | (67,09,545) |
| CSR Expenditure | - | (48,06,127) |
| | 13,75,17,112 | 15,39,87,039 |
| Operating Profit Before Working Capital Changes | 14,81,80,319 | 41,67,98,945 |
| Adjusted For : | | |
| (Increase)/Decrease in Trade & Other Receivables | 31,75,35,674 | (17,25,60,779) |
| (Increase)/Decrease in Inventories | (10,89,01,791) | (25,99,68,129) |
| Increase/(Decrease) in Trade Payables | (2,17,42,578) | (48,64,580) |
| Increase/(Decrease) in Other Current Liabilities & Provisions | (55,46,504) | (1,96,93,769) |
| | 18,13,44,801 | (45,70,87,257) |
| Net Cash Flow From Operating Activities (A) | 32,95,25,120 | (4,02,88,313) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (19,80,54,977) | (29,47,84,864) |
| Sale of Fixed Assets | 3,17,422 | 19,39,762 |
| Interest Received | 1,81,56,534 | 2,08,61,902 |
| Deposits | 37,83,053 | (1,39,67,809) |
| Movement in Loan & Advances | (31,38,199) | 3,11,23,122 |
| Net Cash Used in Investing Activities (B) | (17,89,36,167) | (25,48,27,887) |

Consolidated Cash Flow Statement for the year ended 31 March, 2016 (Amount in ₹)

| Particulars | Year ended March 31, 2016 | | Year ended March 31, 2015 | |
|---|------------------------------|-----------------------|------------------------------|---------------------|
| 1 | 3 | | 4 | |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Long Term Borrowings (NET) | (10,08,49,571) | | (12,43,27,451) | |
| Short Term Borrowings (NET) | 11,96,68,796 | | 1,59,78,382 | |
| Dividend Paid (Inc. DDT) | (5,03,18,655) | | (3,56,68,951) | |
| Interest on Term Loans & Others Paid | (11,10,63,879) | | (11,14,60,381) | |
| Proceeds From Issue of Equity Shares\Share Warrants (Including Premium) | - | | 9,00,00,000 | |
| Proceeds From Issue of CCPS (Including Premium) | - | | 45,00,00,000 | |
| Net Cash Used in Financing Activities (C) | | (14,25,63,309) | | 28,45,21,599 |
| Net Change in Cash & Cash Equivalents (A+B+C) | | 80,25,645 | | (1,05,94,601) |
| Cash & Cash Equivalents at the beginning of the year | | 1,13,26,105 | | 2,19,20,706 |
| Cash & Cash Equivalents at the end of the year | | 1,93,51,749 | | 1,13,26,105 |

Note :

- Figures in Brackets represent Cash Outflow
- Previous Year Figures Regrouped wherever necessary.

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadananan

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer

Notes on Financial Statements for the year ended 31 March, 2016

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

1. SHARE CAPITAL

(Amount in ₹)

| | | As at March 31, 2016 | | As at March 31, 2015 | |
|--|--|-------------------------|---------------------|-------------------------|---------------------|
| Authorised Share Capital: | | | | | |
| 25000000 | Equity Shares of Rs.10 each (Previous year 25000000 shares of Rs.10 each) | | 25,00,00,000 | | 25,00,00,000 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| Issued & Subscribed Capital | | | | | |
| 16923993 | Equity Shares of Rs.10 each (Previous year 16923993 shares of Rs.10 each) | | 16,92,39,930 | | 16,92,39,930 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| Paid Up Capital | | | | | |
| 16743793 | Equity Shares of Rs.10 each (Previous year 16743793 shares of Rs.10 each) | | 16,74,37,930 | | 16,74,37,930 |
| 1500000 | 15 % Compulsory Convertible Preference Shares of Rs.100/- each (Previous Year 1500000 shares of Rs.100 each) | | 15,00,00,000 | | 15,00,00,000 |
| TOTAL | | | 31,74,37,930 | | 31,74,37,930 |

1.1 Reconciliation of shares outstanding at the beginning and at the end of the year

| Equity Shares | | | |
|------------------------------------|--|-------------|-------------|
| At the beginning of the year | | 1,67,43,793 | 1,52,43,793 |
| Issued during the year | | 0 | 15,00,000 |
| Outstanding at the end of the year | | 1,67,43,793 | 1,67,43,793 |

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 March 31, 2016 | | As at March 31, 2015 | |
|----------------------------------|----------------------|--------|----------------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| Dinesh Patidar | 35,21,488 | 21.03% | 35,21,488 | 21.03% |
| Ankit Patidar | 15,00,000 | 8.96% | 15,00,000 | 8.96% |
| Sunil Patidar | 15,62,200 | 9.33% | 15,62,200 | 9.33% |
| M.L.Securities & Finance Pvt.Ltd | 18,37,383 | 10.97% | 18,37,383 | 10.97% |

Notes on Financial Statements for the year ended 31 March, 2016

2. RESERVE & SURPLUS

(Amount in ₹)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
| Capital Reserve | | | | |
| As per Last Balance Sheet | 20,57,800 | | 20,57,800 | |
| | | 20,57,800 | | 20,57,800 |
| Foreign Currency Fluctuation Reserve | | 26,921 | | 20,234 |
| Securities Premium Reserve | | | | |
| As per Last Balance Sheet | 74,61,45,471 | | 34,11,45,471 | |
| Add: Received During the year | | | | |
| Premium on Equity Shares | - | | 10,50,00,000 | |
| Premium on CCPS | - | | 30,00,00,000 | |
| | | 74,61,45,471 | | 74,61,45,471 |
| General Reserve | | | | |
| As per Last Balance Sheet | 1,00,60,91,906 | | 80,49,10,636 | |
| Add: Transferred from Profit & Loss Account | (90,87,752) | | 20,11,81,270 | |
| Less: Proposed Dividend | (2,51,15,690) | | - | |
| Less: Dividend on CCPS | (2,25,00,000) | | - | |
| | | 94,93,88,464 | | 1,00,60,91,906 |
| Profit & Loss Account | | | | |
| As Per Last Balance Sheet | - | | - | |
| Add: Profit for the Year | 1,06,63,207 | | 26,28,11,905 | |
| Less: Appropriations | | | | |
| Proposed Dividend | - | | (3,34,87,586) | |
| Dividend on CCPS | - | | (84,45,205) | |
| Dividend Tax | (96,93,434) | | (83,85,864) | |
| CSR Expenditure | - | | (48,06,127) | |
| Prior period Adjustment | - | | 11 | |
| Interest on Dividend Tax | (3,35,434) | | - | |
| Interest on Income Tax | (8,66,400) | | - | |
| Creditors Written off During Assessment 2012-13 | - | | 2,03,680 | |
| Short Provision of Income Tax | (47,55,737) | | (67,09,545) | |
| Transferred to General Reserve | 9,087,752 | | (20,11,81,270) | |
| | | 40,99,952 | | - |
| TOTAL | | 1,70,17,18,608 | | 1,75,43,15,410 |

3. TRADE PAYABLES

| | | | | |
|------------------|--|---------------------|--|---------------------|
| Sundry Creditors | | 24,48,50,744 | | 26,65,93,322 |
| TOTAL | | 24,48,50,744 | | 26,65,93,322 |

Notes on Financial Statements for the year ended 31 March, 2016

4. OTHER CURRENT LIABILITIES

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|---------------------------------------|-------------------------|-------------------------|
| Current Liabilities of Long Term Debt | 15,15,63,497 | 15,14,19,307 |
| Creditors for Capital Expenditure | 7,16,98,922 | 4,85,25,642 |
| Creditors for Service & Others | 5,90,83,091 | 1,28,20,536 |
| Unclaimed Dividend | 17,89,798 | 15,92,486 |
| Advance from Customers | 2,34,10,739 | 2,55,15,875 |
| Statutory Payable | 1,13,87,569 | 83,97,238 |
| Expenses Payable | 75,87,243 | 42,82,159 |
| TOTAL | 32,65,20,860 | 25,25,53,243 |

5. NON CURRENT INVESTMENTS

| | | |
|----------------------------|--------------|--------------|
| Non-Trade Investments | | |
| In Equity shares of Others | | |
| Unquoted Fully Paid Up | | |
| Cosmos Bank | 2,000 | 2,000 |
| | | 2,000 |
| TOTAL | 2,000 | 2,000 |

6. INVENTORIES

| | | |
|------------------|-----------------------|---------------------|
| Raw Material | 26,47,28,213 | 36,73,11,312 |
| Work In Process | 29,82,83,803 | 25,35,50,060 |
| Finished Goods | 49,08,03,679 | 28,92,77,741 |
| Stock in Transit | 2,62,35,984 | 6,10,10,775 |
| TOTAL | 1,08,00,51,679 | 97,11,49,888 |

7. TRADE RECEIVABLES

| | | |
|-------------------------------|---------------------|-----------------------|
| (Unsecured & Considered good) | | |
| Over Six Months | 11,97,31,918 | 46,30,68,422 |
| Others | 57,43,96,421 | 54,85,95,591 |
| TOTAL | 69,41,28,338 | 1,01,16,64,012 |

8. CASH & BANK BALANCES

| | | |
|--------------------------|--------------------|--------------------|
| Balances with Banks | 1,85,73,893 | 1,02,05,005 |
| Cash Balance | 7,77,856 | 11,21,101 |
| Fixed Deposits With Bank | 5,66,92,790 | 6,04,75,843 |
| TOTAL | 7,60,44,539 | 7,18,01,949 |

8.1 Balance with Banks includes Unclaimed Dividend of Rs.17,89,798/- (Previous year Rs.15,92,486/-)

Notes on Financial Statements for the year ended 31 March, 2016

9. SHORT TERM LOAN & ADVANCES

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|
| Balances With Statutory authorities | 6,59,39,977 | 5,91,78,008 |
| Advance Income Tax | 3,60,00,000 | 4,85,00,000 |
| Advance for Salary & tour | 1,07,37,171 | 60,18,284 |
| Prepaid Expenses | 59,74,404 | 1,04,48,739 |
| Deposits | 4,25,86,424 | 2,88,78,760 |
| Other Short Term Loan & Advances | 9,04,95,913 | 9,66,55,075 |
| TOTAL | 25,17,33,890 | 24,96,78,866 |

10. REVENUE FROM OPERATION

| | | |
|-------------------------|-----------------------|-----------------------|
| Sales of Finished Goods | 2,71,54,23,611 | 3,02,43,59,311 |
| TOTAL | 2,71,54,23,611 | 3,02,43,59,311 |

11. OTHER INCOME

| | | |
|----------------------------|--------------------|---------------------|
| Interest Income | 1,81,56,534 | 2,08,61,902 |
| Other Non Operating Income | 6,95,78,117 | 9,39,07,152 |
| TOTAL | 8,77,34,651 | 11,47,69,054 |

12. COST OF MATERIAL CONSUMED

| | | |
|-------------------------------------|-----------------------|-----------------------|
| Opening Stock of Raw Material | 36,73,11,312 | 28,48,21,396 |
| Add: Purchase of Raw Material | 1,47,39,29,317 | 1,57,41,38,337 |
| | 1,84,12,40,630 | 1,85,89,59,733 |
| Less: Closing Stock of Raw Material | 26,47,28,213 | 36,73,11,312 |
| TOTAL | 1,57,65,12,416 | 1,49,16,48,421 |

13. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS

| | | | |
|--------------------------------------|---------------------|---------------------|--|
| Inventories (at Close) | | | |
| Finished Goods/Stock in Trade | 51,70,39,663 | 35,02,88,516 | |
| Stock In Process | 29,82,83,803 | 25,35,50,060 | |
| | 81,53,23,466 | 60,38,38,576 | |
| Inventories (at Commencement) | | | |
| Finished Goods/Stock in Trade | 28,92,77,741 | 22,03,00,761 | |
| Stock In Process | 25,35,50,060 | 18,96,71,604 | |
| | 54,28,27,801 | 40,99,72,365 | |
| TOTAL | 27,24,95,665 | 19,38,66,211 | |

Notes on Financial Statements for the year ended 31 March, 2016

14. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Salaries & Wages | 39,14,89,971 | 32,31,91,029 |
| Contribution to Provident & Other Funds | 1,29,24,926 | 98,72,747 |
| Staff Welfare Expenses | 1,57,57,035 | 1,77,07,893 |
| | 42,01,71,933 | 35,07,71,669 |

15. FINANCE COST

| | | |
|-------------------|---------------------|---------------------|
| Interest to Bank | 10,54,15,302 | 11,02,23,543 |
| Interest to Other | 56,48,577 | 12,36,838 |
| Bank Charges | 3,21,14,960 | 2,08,14,033 |
| TOTAL | 14,31,78,838 | 13,22,74,414 |

16. OTHER EXPENSES

| | | |
|--|--------------|--------------|
| MANUFACTURING EXPENSES | | |
| Power & Fuel | 2,16,75,451 | 2,03,35,850 |
| Job Work Expenses | 1,72,19,683 | 2,59,48,345 |
| Entry Tax | 31,90,648 | 24,21,436 |
| Freight Charges | 2,59,47,102 | 2,42,17,813 |
| Other Manufacturing Exp. | 4,59,16,791 | 2,90,74,090 |
| | 11,39,49,676 | 10,19,97,534 |
| ADMINISTRATIVE EXPENSES | | |
| Directors Remuneration | 2,02,02,820 | 2,01,43,620 |
| Telephone Expenses | 76,15,440 | 68,36,573 |
| Conveyance Expenses | 2,15,05,383 | 2,01,20,835 |
| Consultancy Charges | 92,16,682 | 44,63,111 |
| Other Office Exp. | 1,98,74,203 | 1,65,84,256 |
| | 7,84,14,529 | 6,81,48,394 |
| SELLING & DISTRIBUTION EXPENSES | | |
| Clearing & Forwarding Charges | 83,70,672 | 60,35,348 |
| Office & Godown Rent | 52,40,672 | 41,40,960 |
| Travelling Expenses | 10,20,71,875 | 7,46,99,184 |
| Advertising Exp. | 4,05,54,141 | 10,92,00,356 |
| Market Development Exp. | 4,85,79,840 | 4,94,42,359 |
| Exhibition and Promotional Exp. | 10,70,453 | 46,19,126 |
| Transportation Charges | 7,05,45,343 | 5,27,19,642 |
| ECGC Premium | 19,39,688 | 51,51,430 |
| Other Expenses | 20,22,71,778 | 34,51,30,338 |
| | 48,06,44,461 | 65,11,38,742 |

Notes on Financial Statements for the year ended 31 March, 2016

16. OTHER EXPENSES (contd.)

(Amount in ₹)

| | As at March 31, 2016 | | As at March 31, 2015 | |
|-------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| OTHER EXPENSES | | | | |
| Legal & Professional Exp. | 88,51,558 | | 87,57,738 | |
| Payment to Auditors | 3,00,000 | | 3,00,000 | |
| Repair & Maintenance | 47,05,075 | | 37,77,211 | |
| Taxes & Duties | 1,08,75,682 | | 77,29,187 | |
| Other Exp. | 1,67,41,445 | | 17,87,803 | |
| | | 4,14,73,760 | | 2,23,51,939 |
| MISC. EXP. WRITTEN OFF | | 23,36,581 | | 23,66,535 |
| TOTAL | | 71,68,19,007 | | 84,60,03,145 |

17. RELATED PARTY DISCLOSURES

Consolidated related party transactions are same as related party transaction of stand alone financial statements.

18. CONTINGENT LIABILITIES

Consolidated related party transactions are same as related party transaction of stand alone financial statements.

19. ADDITIONAL FINANCIAL INFORMATION

Financial Information of Subsidiaries for the year ended 31st March 2016

(Amount in ₹)

| Particulars | Shakti Pumps LLC | Shakti Pumps FZE | Shakti Pumps Pty Limited |
|-----------------------------|------------------|------------------|--------------------------|
| a) Paid Up Share Capital | 33,31,941 | 22,06,115 | 7,30,988 |
| b) Share Premium | - | - | - |
| c) Other Reserves | - | - | - |
| d) Total Assets | 1,38,736,244 | 26,37,25,369 | 1,14,35,872 |
| e) Total Liabilities | 13,87,36,244 | 26,37,25,369 | 1,14,35,872 |
| f) Investments | - | - | - |
| g) Turnover | 17,19,33,804 | 29,08,37,118 | 55,51,844 |
| h) Profit/(Loss) Before tax | 4,15,39,119 | (4,94,56,079) | (11,70,792) |
| i) Provision for Tax | - | - | - |
| j) Profit/(Loss) After Tax | 4,15,39,119 | (4,94,56,079) | (11,70,792) |
| k) Proposed Dividend | - | - | - |

Closing Exchange Rates

1 USD = 66.40 INR

1 AED = 17.70 INR

1 AUD = 50.30 INR

As per our report of even date

For Vinay Gandhi & Associates

Chartered Accountants
FRN : 014442C

Vinay Gandhi

Proprietor
Membership No.: 75972

Place: Pithampur
Date: May 30, 2016

For and on behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director
DIN00549552

R. Shadananan

Company Secretary

Ramesh Patidar

Executive Director
DIN00931437

Akhilesh Maru

Chief Financial Officer



Shakti Pumps (India) Limited

CIN: L29120MP1995PLC009327

Plot No. 401, 402, 413, Sector III , Industrial Area, Pithampur Dist. Dhar- M.P.-454774.

Tel:- 07292 410552 | Fax:- 07292 410519 | Email:-cs@shaktipumpsindia.com

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-------------------------|--|
| Name of the member (s): | |
| Registered address: | |
| E-mail Id: | |
| Folio No/ Client Id: | |
| DP ID: | |

I/We, being the member (s) of Shares of the Shakti Pumps (India) Limited, hereby appoint:

1. Name: E-mail Id:

Address:

.....Signature:....., or failing him

2. Name: E-mail Id:

Address:

.....Signature:....., or failing him

3. Name: E-mail Id:

Address:

.....Signature:....., or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on the Tuesday, September 27, 2016 at 11.30 A.M. at the Registered Office of the Company, Plot No. 401,402 & 413, Sector-III, Industrial Area, Pithampur-454775, Dist. Dhar (M.P.) and at any adjournment thereof in respect of such resolutions as are indicated in the box below.

| S. No. | Resolution | For | Against |
|--------|--|-----|---------|
| | Ordinary Business | | |
| 1 | Adoption of Financial Statements for the year ended March 31, 2016. | | |
| 2 | Approval of final dividend for the year ended March 31, 2016. | | |
| 3 | Re-appointment of Mr. Ramesh Patidar (DIN: 00931437), who retires by rotation. | | |
| 4 | Appointment of Auditors and fixing their remuneration. | | |
| | Special Business | | |
| 5 | Appointment and fixing remuneration of Cost Auditor. | | |
| 6 | Re-Appointment of Mr.Sunil Patidar (DIN: 02561763) as Whole Time Director for a period of Five Years from 29th January 2016 till 28th January, 2021. | | |
| 7 | Waiver of Excess Remuneration Paid Rs. 48, 00, 000/- to Mr. Dinesh Patidar (DIN: 00549552) Managing Director. | | |
| 8 | Change in Relevant Date from 20.09.2014 to 19.09.2014 pertains to the Issuance of 1500000 Compulsory Convertible Preference Shares to AFHoldings | | |

Signed this day of.....2016

Signature of shareholder(s).....

Signature of Proxy holder(s).....





Shakti Pumps (India) Limited

CIN: L29120MP1995PLC009327

Plot No. 401, 402, 413, Sector III , Industrial Area, Pithampur Dist. Dhar- M.P.-454774.

Tel:- 07292 410552 | Fax:- 07292 410519 | Email:-cs@shaktipumpsindia.com

Attendance Slip

21st Annual General Meeting on Tuesday, September 27, 2016 at 11.30 A.M at the Registered Office of the Company

| | |
|--------------------|--|
| DP/ID NO | |
| Client Id | |
| Folio No. | |
| No. of shares held | |

Mr./Mrs./Miss

I certify that I am registered shareholder/proxy for the registered shareholder of the company. I hereby record my presence at the 21st Annual General Meeting of the Company held on Tuesday, September 27, 2016 at 11.30 A.M at the Registered Office of the Company at Plot No. 401, 402 & 413, Industrial Area, Sector-III, Pithampur-Dhar, Madhya Pradesh-454774.

Proxy's Name in Block letters

Member's/Proxy's Signature

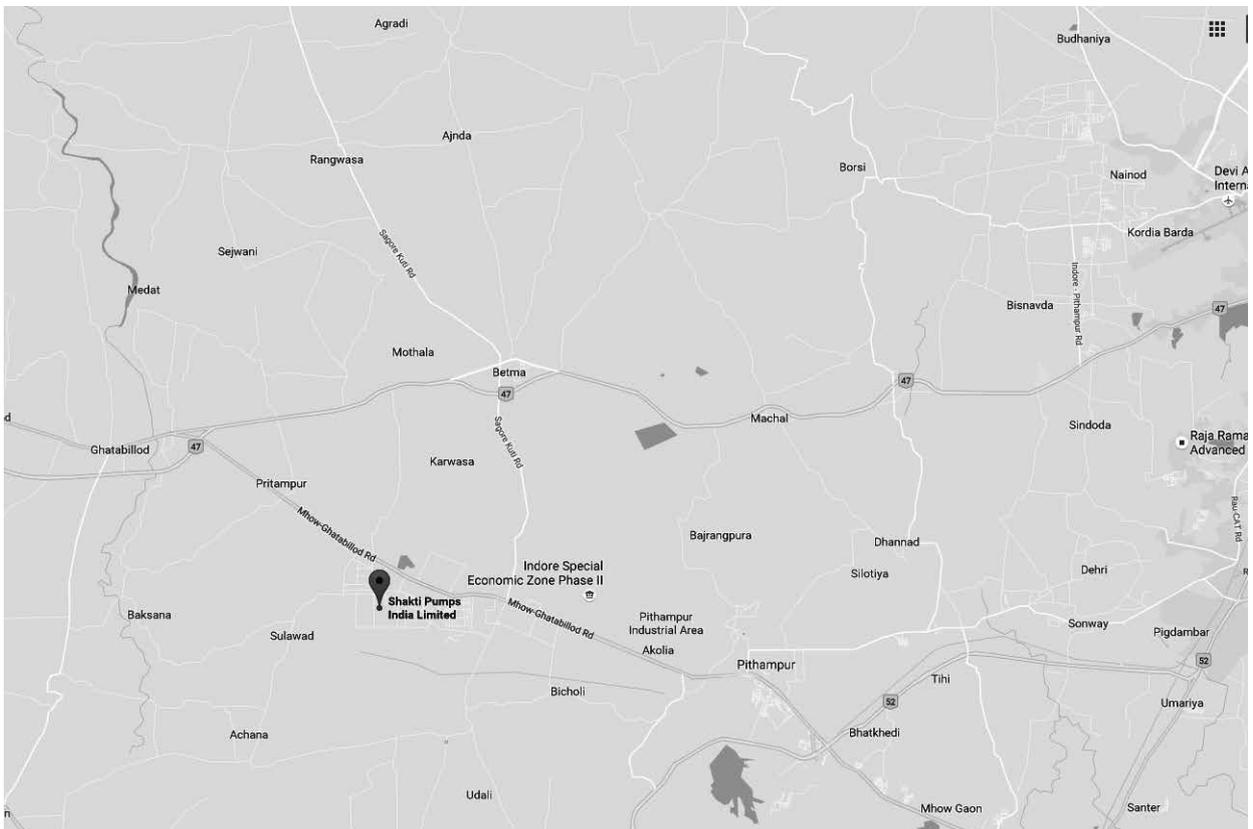
NOTES:-

1. If it is intended to appoint a proxy, the Form should be completed and deposited at the registered office of the Company at least 48 hours before the Meeting.
2. Shareholders/proxy holders are requested to bring the attendance slips with them when they come to Meeting and handover at the entrance after affixing their signature on them.
3. Shareholders are requested to bring their copy of the Annual Report along with them to the Annual General Meeting, as copies of the Report will not be distributed again at the Meeting, in view of the increasing cost of Annual Report.
4. Appointing a proxy does not prevent a member from attending the meeting in person if he wishes.

Route Map

Venue: Registered Office of the Company at Plot No. 401, 402 & 413, Industrial Area, Sector-III, Pithampur-Dhar, Madhya Pradesh-454774.

Date & Time: Tuesday, September 27, 2016 at 11.30 A.M.



Corporate Information

Board of Director

- | | |
|--------------------------|----------------------------|
| 1. Mr. Dinesh Patidar | Managing Director |
| 2. Mr. Sunil Patidar | Whole Time Director |
| 3. Mr. Ramesh Patidar | Whole Time Director |
| 4. Mr. Navin Patwa | Independent Director |
| 5. Mr. S. S. Raghuvanshi | Independent Director |
| 6. Mr. Rajkumar Jain | Independent Director |
| 7. Mr. Bal Mukund Sharma | Independent Director |
| 8. Mrs. Nishtha Neema | Women Independent Director |
| 9. Mr. Sridhar Narayan | Nominee Director |

Company Secretary & Compliance Officer

Mr. R. Shadananan

Statutory Auditor

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

Secretarial Auditor

M. Maheshwari & Associates

Banker

State Bank of India
Axis Bank
Standard Chartered Bank
HDFC Limited

Registrar and Transfer Agent

Adroit Corporate Services Pvt. Ltd.
17-20, Jafferbhoy Ind. Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (E), Mumbai 400059
Tel: +91 (0) 22 42270400
Email:- pratapp@adroitcorporate.com

Registered Address Office & Work

Plot no. 401, 402 & 413 Sector III
Industrial Area Pithampur
Dist. Dhar, M.P.-454774.
Tel. no: +91- 7292-410500
Fax no.: +91-7292-410519
Email:- cs@shaktipumpsindia.com,
info@shaktipumps.com
Web:-www.shaktipumps.com



Shakti Pumps (India) Limited

CIN: L29120MP1995PLC009327

Plot No. 401, 402, 413, Sector III, Industrial Area,
Pithampur Dist. Dhar- M.P.-454774.

Tel:- 07292 410552 | Fax:- 07292 410519

Email:-cs@shaktipumpsindia.com

