

Shakti Pumps (India) Limited

Annual report, 2009-10

Forward looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

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Notice

Notice is hereby given that the 15th Annual General Meeting of SHAKTI PUMPS (INDIA) LIMITED will be held on 21st December 2010 at 9.00 am at the Registered Office of the Company, Plot no. 401, 402, 413 Sector III Industrial Area, Pithampur 454775 Dist. Dhar M.P. to transact the following business:

As Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2010 and the Profit & Loss Account for the year ended on that date along with the report of Directors and Auditors thereon
2. To declare dividend for the financial year ended 30th June 2010
3. To elect Director in place of Shri Rajkumar Jain who retires by rotation and being eligible, offers himself for reappointment
4. To elect Director in place of Shri P. L. Nene who retires by rotation and being eligible, offers himself for reappointment
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

By Order of Board
For Shakti Pumps (India) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

As Special Business

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

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

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

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

By Order of Board
For Shakti Pumps (India) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

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

Item No. 6

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

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

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

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

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

Item No 7

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

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

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

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

By Order of Board
For Shakti Pumps (India) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Managing Director

Notes

1. A member entitled to attend and vote, is also entitled to appoint a proxy to attend and vote instead of

himself/herself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of this meeting.

2. The Register of Members and Share Transfer Book of the Company shall remain closed from 15th December 2010 to 21st December 2010 (both days inclusive)
3. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
4. Members are requested to bring their copies of the annual report with them, since separate copies will not be distributed at the venue of the Annual General Meeting.
5. Members/proxies should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
6. All documents relevant to the business to be transacted at this meeting will be available for inspection at the registered office of the Company during office hours on all the working days up to the date of Annual General Meeting
7. Members who hold shares in electronic form are requested to bring their Depository ID number and client ID number to facilitate easier identification for attendance at the Annual General Meeting
8. Since the securities of your Company have come under the compulsory dematerialisation as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialised at the earliest
9. The shareholders are hereby informed that all the correspondence in connection with the shares be addressed to the Registrar & Share Transfer Agent M/s Adroit Corporate Services P. Ltd, 19 Jafarbhoy Industrial Estate, 1st Floor Road, Marol Naka, Andheri(E) Mumbai

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

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

By Order of Board
For Shakti Pumps (India) Ltd

Place : Pithampur
Date : 29th October, 2010

Dinesh Patidar
Chairman and Managing Director

Directors' Report

Dear members

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

1. Financial results

[₹ in lacs]

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

2. Dividend

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

3. Operating results and business

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

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

4. Future outlook

1. SRN vertical multistage centrifugal pumps

Introduction

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

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

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

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

Features and benefits

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

Applications

The pumps are suitable for liquid transfer in

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

2. Electric motors (energy efficient centrifugal motors)

Introduction

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

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

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

Advantages

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

Applications

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

Areas of application

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

3. Open well submersible pumps

Application of open well submersible pumps

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

Special features

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

5. Directors

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

Shri Rajkumar Jain retires by rotation

and being eligible, offers himself for reappointment.

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

6. Directors' responsibility statement

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

1. That in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanations relating to material departures.
2. That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for 2009-10.
3. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with provision of the Companies Act 1956,

for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities.

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

7. Fixed deposits

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

8. Particulars of employees

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

9. Insurance

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

10. Auditors

The Auditors M/s Vinay Gandhi & Associates, Chartered Accountants, Indore shall cease to hold office at the

end of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

11. Corporate Governance Report and Management Discussion and Analysis Statement

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

13. Cost audit

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

14. Conservation of energy, technology absorption, foreign exchange earnings and outgo

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

15. Acknowledgement

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

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

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

For and On behalf of the Board of Directors

Dinesh Patidar

Chairman and Managing Director

Pithampur Distt. Dhar (M.P.)

Dated: 29th October, 2010

Annexure to the Directors' Report

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

Annexure "A" to the Director's Report

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

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

Notes - i The appointment is as per Company's Rule.

ii Other terms and conditions: As per Company's Rule.

iii Remuneration received includes salary but excluding contribution towards gratuity paid to the approved gratuity fund.

Research & Development

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

B. Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption	Technology developed by R & D department is fully absorbed for development in the existing product and new models.
2. Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development and import substitution, among others.	Increased efficiency and better performance and wider product range.
(a) Technology imported	Nil
(b) Year of import	Not applicable
(c) Has technology been fully absorbed	Not applicable
(d) If no fully absorbed areas where this has not taken place reasons thereof and future plans of action	Not applicable