



# PUMPING LIFE

Shakti Pumps (India) Limited  
Annual Report 2011-12



Disclaimer

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

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

Contents

- Notice 01 ● Report of the Board of Directors 04 ● Management discussion and analysis 09
- Report on Corporate Governance 10 ● Auditor’s Report 20 ● Balance Sheet 24 ● Statement of Profit and Loss 25 ● Cash Flow Statement 26 ● Notes to financial statement 30 ● Consolidated financial statements 42

Important communication to members

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

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

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

Corporate information

Board of Directors

- Mr. Dinesh Patidar, *Chairman and Managing Director*
- Mr. Sunil Patidar, *Executive Director*
- Mr. Ramesh Patidar, *Executive Director*
- Mr. Navin S Patwa, *Additional Director*
- Mr. S. S. Raghuwanshi, *Independent Director*
- Mr. Raj Kumar Jain, *Independent Director*
- Ms. Poonam Garg, *Nominee Director*

Company Secretary

Mr. Manoj Maheshwari

Auditors

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

Registered office and works

Plot No. 401, 402 and 413 Sector III  
Industrial Area Pithampur - 454775, Dist. Dhar (MP)

Financial institutions

State Bank of India  
Standard Chartered Bank  
Axis Bank

Registrar and share transfer agent

M/s Adroit Corporate Services Pvt. Ltd  
19, Jafarbhoy Industrial Estate, 1st floor  
Makwana Road, Marol Naka  
Andheri (E) Mumbai  
ISIN (Demat) no.: INE 908D01010  
BSE scrip code: 531431  
Ph.: (022) 28594060, 28596060  
Fax: (022) 28503748  
Email: pratapp@adroitcorporate.com

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

# Letter to shareholders

*Dear Member,*

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

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

Very truly yours,

**Dinesh Patidar**

*Chairman and Managing Director*

## Notice

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

### As Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that along with the report of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2012.
3. To elect Director in place of Mr. Rajkumar Jain who retires by rotations and being eligible offer himself for re-appointment.
4. To elect Director in place of Mr. S.S. Raghuwansi who retires by rotations and being eligible offer himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of Board  
For Shakti Pumps (India) Limited

Place: Pithampur  
Date: 8th August, 2012

Manoj Maheshwari  
Company Secretary

### As Special Business

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

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

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

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

## ANNEXURE TO NOTICE

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

#### ITEM NO.6

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

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

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

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

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

#### ITEM NO. 7

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

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

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

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

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

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

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

By Order of Board  
For Shakti Pumps (India) Limited

Place: Pithampur  
Date: 8th August, 2012

Manoj Maheshwari  
Company Secretary

#### Notes

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

2. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday 22nd September, 2012 to Friday, 28th September, 2012 (both days inclusive).
3. Members are requested to send their queries, if any, at least seven days in advance of the meeting.
4. Members are requested to bring their copies of the Annual Report with them, since separate copies will not be distributed at the venue of the Annual General Meeting.
5. Members/proxies should bring the attendance slip sent herewith, duly filled, in order to attend the meeting.
6. All documents relevant to the business to be transacted at this meeting will be available for inspection at the Registered Office of the Company during office hours on all the working days up to the date of Annual General Meeting.
7. Members who hold shares in electronic form are requested to bring their Depository ID number and client ID number to facilitate easier identification for attendance at the Annual General Meeting.
8. Since the securities of your Company have come under the compulsory dematerialized as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialized at the earliest.
9. The shareholders are hereby informed that all the correspondence in connection with the shares be addressed to the Registrar & Share Transfer Agent M/s Adroit Corporate Services Pvt. Ltd., 19, Jafarbhoy, Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri(E), Mumbai-400 059; Ph. No. - (022) 28594060, 28596060; Fax No. - (022) 28503748; Email - pratapp@adroitcorporate.com.

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

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

By Order of Board  
For Shakti Pumps (India) Limited

Manoj Maheshwari  
Company Secretary

Place: Pithampur  
Date: 8th August, 2012



# Report of The Board of Directors

For the year ended 31st March, 2012

Dear Members,

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

## 1. Financial Review

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

## 2. Dividend

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

## 3. Operating Result and business

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

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

## 4. Future Outlook

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

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

### 1. SHAKTI BOOSTER MODEL

Applications-

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

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

### 2. CRP PUMPS

Application:-

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

### 3. HYDRO PRESSURE BOOSTING PUMPS

Application:-

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

### 4. SMTR (Immersable Pump)

Application:-

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

## 5. Directors

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

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



Mr. Navin Patwa appointed as Additional Director

Ms. Poonam Garg appointed as Nominee Director

Mr. Lalit Garg resigned as Independent Director

Mr. P.L. Nene resigned as Independent Director

Mr. S.P. Arora withdrawal as Nominee Director

## 6. Directors' Responsibility Statement

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

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

## 7. Fixed Deposits

The Company did not accept any public deposit and, as such, no amount on account 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 laid down under Section 217 (2A) of the Companies Act, 1956.

## 9. Insurance

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

## 10. Auditors

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

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

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

## 12. Cost Audit

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

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

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

## 14. Acknowledgement

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

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

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

For and on behalf  
of the Board of Directors

Place: Pithampur  
Date: 8th August, 2012

Dinesh Patidar  
Chairman and  
Managing Director

## A. Research and Development

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

## B. Technology absorption, adaptation and innovation

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

### Conservation of energy

(a) Energy conservation measures taken	The Company continuously made efforts to improve energy efficiency by various methods.
(b) Additional measures proposed to be taken	Replacing conventional machines by CNC and automatic machines. Designing of latest model fixtures to increase productivity.
(c) Impact of measures (a) and (b) above for reduction of energy consumption consequent impact on the cost of production of goods.	Reduction in the cost of production.

Total energy consumption and energy consumption per unit of production



### Conservation of energy

<b>Electricity</b>	
Purchase unit	2289921
Total amount	13748671
Rate/unit 6.00	
<b>Own generation from diesel generator</b>	
Unit	35277
Total amount	197552
Rate/unit 5.60	
<b>Consumption per unit of production</b>	
Production	148947
Per unit	93.63
<b>Foreign exchange earning and outgo</b>	
Foreign exchange earned	7964.89 lakhs
Expenditure in foreign currency	235.96 lakhs

For and on behalf of the Board of Directors

Place: Pithampur

Dinesh Patidar

Date: 8th August, 2012

Chairman and Managing Director