

Excellence in Pump Technology



WPIL Limited

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ANNUAL
REPORT
AND
ACCOUNTS
2003



FINANCIAL HIGHLIGHTS

		(Rs. Lacs)			
Particulars		2001	2000*	1999	1998
Financial Positions					
Share Capital		797	797	397	397
Reserves & Surplus (Net of Revaluation Reserve)		14	20	387	433
Net Worth		811	817	784	830
Gross Block		2693	2625	2220	1984
Accumulated Depreciation		1412	1276	1089	970
Net Block		1281	1349	1131	1014
Summary of Operations					
Total Income		3950	5431	4192	5530
Profit before Interest, Depreciation and Tax		517	576	637	789
Interest		464	787	570	488
Depreciation		130	178	111	91
Profit/(Loss) Before Tax		(77)	(389)	(44)	210
Profit/(Loss) after Tax		(77)	(389)	(46)	98
Dividend		Nil	Nil	Nil	Nil
Earning Per Share (Rs.)		(0.96)	(4.93)	(1.16)	(2.46)

* Year 2000 & 2003 represents 18 months' operation.

WPIL LIMITED

DIRECTORS

D. KHAITAN — *Chairman*
P. AGARWAL — *Managing Director*
V. N. AGARWAL
SUPRIYO MUKHERJEE
K. K. GANERIWALA
C. K. PASARI
D. K. PAL — *ICICI Bank Nominee*

AUDITORS

LOVELOCK & LEWES
Chartered Accountants

SECRETARY

SANKAR BHATTACHARYA

BANKERS

STATE BANK OF BIKANER AND JAIPUR
CENTRAL BANK OF INDIA
ALLAHABAD BANK
VIJAYA BANK

REGISTRAR

AXC COMPUTERS PVT. LTD.
NATIONAL COUNCIL OF EDUCATION, BENGAL BUILDING
JADAVPUR UNIVERSITY CAMPUS, JADAVPUR
KOLKATA - 700 032

WEBSITE

<http://www.wpil.com>

WPIL LIMITED

REGISTERED OFFICE

FOUR MANGOE LANE
SURENDRA MOHAN GHOSH SARANI
KOLKATA - 700 001

CORPORATE AND EASTERN REGION OFFICE

22 FERRY FUND ROAD, PANIHATI
KOLKATA - 700 114 (W.B.)

WESTERN REGION OFFICE

10 & 11 BHAGTANI ENCLAVE
SONAPUR LANE
OFF. L. B. S. MARG
BHANDUP WEST
MUMBAI - 400 078

SOUTHERN REGION OFFICE

1B, 1ST FLOOR, MANDIRA APARTMENT
23 - A DR. B. N. ROAD
T. NAGAR
CHENNAI - 600 017

NORTHERN REGION OFFICE

A-5 SECTOR 22, MEERUT ROAD
GHAZIABAD - 201 003 (UP)

MANUFACTURING FACILITIES

22 FERRY FUND ROAD, PANIHATI
KOLKATA - 700 114, (W.B.)

A-5 SECTOR 22, MEERUT ROAD
GHAZIABAD - 201 003 (UP)



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors submit their report along with the Audited Accounts for the 18 months' period ended 31st March, 2003.

FINANCIAL RESULTS

	2002-2003 (18 months)	2000-2001 (12 months)
	(Rs lacs)	(Rs. Lacs)
Total Income	5448.72	3950.49
Less : Write back from Provision & Liabilities	222.59	183.26
Net Operating Income	5226.13	3767.23
Profit before Interest & Depreciation	792.57	597.17
Less : Interest	572.84	464.27
Profit before Depreciation	219.73	132.90
Less : Depreciation	186.61	129.78
Operating Profit/(Loss)	33.12	3.12
Less : Sundry write off (back) [net]	(2.13)	79.92
Profit/(Loss) before Taxation	35.25	(76.80)
Provision for Taxation	—	—
Profit/(Loss) after Taxation	35.25	(76.80)
Balance brought forward from previous year	(311.83)	(241.32)
Transfer from Investment Allowance (Utilized) Reserve	—	6.29
	(276.58)	(311.83)
General Reserve	215.00	215.00
Balance carried forward	(61.58)	(96.83)

The Company has been able to turn around this year with a net profit of Rs.35.25 lacs as against net loss of Rs.76.80 lacs during the preceding year, despite low turnover at Rs.5449 lacs compared to Rs.3950 lacs in the last twelve months; export for the year was Rs.499.34 lacs. Profit before interest and depreciation is reported at Rs.793 lacs during the period against Rs.597 lacs in the preceding year.

CHANGE IN ACCOUNTING YEAR

As decided by the Board of Directors and approved by ROC, the accounting year of the company had been extended to 18 months' period, so as to end on 31st March, 2003 in order to bring uniformity between accounting year under the Companies Act, 1956 and financial year under Income Tax Act, 1961.

DIVIDEND

Due to inadequate profit, your Directors regret their inability to recommend any Dividend for the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the period under review, as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges is appended below:-

A. Business

The Company is engaged in the manufacture and marketing of Vertical and Horizontal Pump of various sizes and varieties required for Lift irrigation/major irrigation schemes, Thermal/Nuclear power plants, etc. Its core competence is in Vertical Turbine Pump where its superior design and value package enables it to be a major international force. It has two manufacturing facilities, situated at Panihati in Kolkata and Ghaziabad in U.P. The mother plant is situated at Panihati which caters to manufacturing needs of large Vertical Turbine Pumps. Ghaziabad plant manufactures Submersible Pumps and Castings in its Foundry.

B. Review of Operation & Future Prospects

The period under review marked one of consolidation for the Company and the return to positive financial health after three successive accounting years of losses. Furthermore, renewed operational efficiency and marketing efforts have resulted in the Company enjoying a healthy order bank of Rs.20 Crores. This order bank will help the Company to arrest the declining trend in turnover and record a year-on-year growth of 15% in the year 2003 – 04.

Both the plants have re-engineered their activities to become leaner and more efficient after drastic restructuring in the previous two years. Presently the Company is making a determined effort to reduce its debt burden and hence further reduce its operating costs.

Simultaneously, the Company is improving its product portfolio by new product development to find economical solutions for the irrigation and drainage sectors. In the power sector, new model development allows us to quote most efficient pumping solutions. Further, standardization of design enables the Company to do Value Engineering on its components and maintain lower inventory level.

In the International market the Company has been able to establish a significant presence in Indonesia, Australia and Philippines. The expanding presence in export market provides for more consistent order books and protects the Company from fluctuating fortunes reliant on the domestic market. WPIL is also exploring Global Marketing Alliances with International Pump majors for the future.

Future Prospects

Products of WPIL find application in the Power, Irrigation, Drainage, Water Supply/Waste Water, Mining, Off-shore Drilling, Nuclear Power Plant, etc. There has been continuous upgradation and expansion of the existing power manufacturing capacity leading to substantial requirement of industrial pumps, which will provide substantial demand to WPIL products because of its established track record. The next major area of application of Vertical Pump is in the irrigation and drainage sectors. Different State Governments like Maharashtra, Andhra Pradesh, Gujarat and Karnataka have initiated irrigation and drainage projects.

On the export front, the sustained effort of the company over the past few years to expand and consolidate export market continues. The remarkable achievement has been consolidation of business relationship in developed countries like USA and Australia, besides maintaining reasonable growth in South-East Asian Markets.

C. Opportunities and Threats, Risks and Concerns

The Company is a constituent of Williamson Magor Group having renowned corporate and business infrastructure. Its R & D section at Panihati is recognized by Government of India and is engaged in continuous development of technology and new models of pumps. Its testing facility at Panihati is state of the art, which has the capacity of testing upto 90 inches pumps. The globalization of Indian economy should offer enough opportunity to the company to explore new markets by utilizing its existing facilities. Moreover, price competitiveness and continuous product upgradation will help the company to meet demand in the domestic market.



The short term threats are from small scale competitors, who are trying to cater to the domestic demand by price reduction. The company is trying to become more and more price competitive by reduction in cost on all counts.

Uncertain Government policy for enough investment in Power Sector, increase of operational cost and import substitution are the causes of concern in coming years.

D. Internal Control System

The Company has internal control procedure commensurate with the nature of its business, and size of its operation. Internal audit is conducted at regular intervals at both the plants, and covers all key areas of operation. Significant audit observations and follow up actions are reported to the Audit Committee.

E. Human Relations

The Company has maintained cordial relationship with its employees through out the year.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, as required under Companies (Disclosure in Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure – "A".

PARTICULARS OF EMPLOYEES

Industrial relations in the Company continued to be cordial and satisfactory. Since none of the employees of the Company had received remuneration exceeding the ceiling prescribed under the Companies (Particulars of Employees) Rules 1975, as amended, read with Sec. 217(2A) of the Companies Act, 1956, information for the same is not furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows :

1. That for the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had 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 at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

The principles of good Corporate Governance through accountability and transparency have always been followed by your Company.

A separate report on Corporate Governance as prescribed by the Listing Agreements of the relevant Stock Exchanges form part of the Annual Report 2002-03 along with the Auditors' statement on its compliance in Annexure "B".

FIXED DEPOSITS

Deposits of Rs.0.30 lacs were due for repayment as at 31st March 2003, but remained unclaimed. There has been no subsequent claim so far.



AUDITORS' COMMENT

With regard to Auditors' comment on physical verification of stock of raw material and components in paragraph 4.1 of their report, the Management is in the process of conducting the same. Adjustments, if any arising out of such verification shall be made in the books of accounts in due course.

With regard to Auditors' comment on old outstanding debtors in paragraph 4.2 of their report, the same represents residual payments or deductions realizable on completion of warranty period/job or for which waiver of claims have already been lodged by the Company and are being regularly followed up with customers.

With regard to Auditors' comment on loans and advances in paragraph 4.3 of their report, the same represents gratuity paid to employees of the company at the time of their retirement, and the management is of the opinion that the entire amount is recoverable from the Gratuity Fund maintained with LIC.

With regard to Auditors' comment on certain old debit and credit balances under Sundry Creditors in paragraph 4.4 of their report, the Management is in the process of reconciling the same and adjustments, if any, arising out of it will be done in due course.

With regard to Auditors' comment on Employees Superannuation Fund in paragraph 4.5 of their report, the company has paid regular contribution towards Employees Superannuation Fund, and is in the process of obtaining actuarial valuation report from a registered actuary.

With regard to Auditors' comment on Sales Tax dues in paragraph (xviii) of Annexure to their report, the entire amount has subsequently been paid by the Company.

DIRECTORS

During the period under review Mr. Aditya Khaitan and Dr. P. D. Ojha resigned. The Board placed on record its sincere appreciation for the valuable services rendered by them during their tenure of office as Directors of the Company.

Mr. A. K. Palit retired from the office of Managing Director upon the expiry of terms w.e.f. 25th June, 2002. The Board placed on record its sincere appreciation for the valuable services rendered by him during his tenure of office as Managing Director in the Company.

The approval of the Members for the appointment of Mr. P. Agarwal as the Managing Director for a period of 3 years with effect from 1st July, 2002 and the remuneration payable to him will be sought at the ensuing Annual General Meeting of the Company.

Mr. Deepak Khaitan and Mr. Supriyo Mukherjee will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. K. K. Ganeriwala has joined the Board as an Additional Director with effect from 26th February, 2002. The Company has received notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. K.K. Ganeriwala as Director of the Company at the ensuing Annual General Meeting.

AUDITORS

Messrs. Lovelock & Lewes, Chartered Accountants, the Auditors of the Company retire and being eligible shall, subject to limits prescribed in section 224(1-B) of the Companies Act, 1956 be re-appointed.



ACKNOWLEDGEMENT

Your Directors would like to place on record their appreciation for the co-operation extended by the employees at all levels. The Directors acknowledge with gratitude the co-operation and assistance received from the Central Government, various State Governments and Government Undertakings, Financial Institutions, Banks, Suppliers, Customers and all those associated with the Company during the period under review.

Place : Kolkata

Date : 24th June 2003.

P. AGARWAL

Managing Director

K. K. GANERIWALA

Director

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**ANNEXURE TO DIRECTORS' REPORT****ANNEXURE - A****PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A) CONSERVATION OF ENERGY**

Energy conservation measures taken are:

At Panihati

- Added 30 KVAR Capacitor Banks to Fabrication Department resulting a rise of Power Factor from 85% to 94%, and saved the P.F. Surcharge of Rs.4000/- (approx.) per month.

At Ghaziabad

- Awareness program for workers, staff and officers were conducted for use of energy judiciously and thereby saving electrical energy and fuels for furnaces at Ghaziabad Plant. Further, by judicious use of electrical energy the power factor has been maintained above 85% thus there are no service charge/penalty on power factor.

B) RESEARCH & DEVELOPMENT (R&D)

Following are the specific areas in which R&D has been carried out by the Company during the year under review:

- Development of mixed propeller in the specific speed range of 6000-8000.
- Development of condensate extraction pump.
- Development activities in Horizontal split casing pump for extension of the models.
- Flow analysis in pump and intake using CFD.
- Development of new models in the vertical range to fill the gap in the existing range in accordance with market requirement.
- Development of Inclined Pump to supply to a specific application
- Design upgrade of existing as well as non-performing pumps in terms of efficiency improvement, cavitation performance, etc. using CFD.
- Standardization of the pump parts that include structural components like column pipe, motor stool, discharge head etc.
- Rationalization of the design of Thrust bearing housing.

C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONIMPORT SUBSTITUTION

- Absorption of technology for Horizontal Split Case Pump in collaboration with Flow Technology, USA.

FUTURE PLAN OF ACTION

- Tubular submersible pump and motor.
- Condensate extraction pump.
- Development of large size horizontal split case pump.
- Rapid prototyping for preparation of the pattern equipment.
- Development of integrated data acquisition system for on-line capturing the performance data of pump and subsequent analysis and plotting of performance curves online.